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Central America and the Caribbean

- The United States and Central America: A Policy Adrift—*Richard L. Millett* 401
- Peace and the Nicaraguan Revolution—*Dario Moreno* 405
- Mexico: A New Political Reality?—*George W. Grayson* 409
- Caribbean Complexities—*Aaron Segal* 413
- Panama's Defiant Noriega—*Steve C. Ropp* 417
- Democratic Consolidation in El Salvador—*José Z. García* 421
- Politics and the Military in Honduras—*Thomas P. Anderson* 425
-
- Book Reviews—*On Central America* 429
- The Month in Review—*Country by Country, Day by Day* 439
- Index—*January-December, 1988, Volume 87* 445
- Map—*Central America and the Caribbean*—Inside Back Cover



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DECEMBER, 1988

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During 1988, controversy and disorder dominated developments in Central America and the Caribbean, with turmoil in Panama and Haiti, electoral problems in Mexico and stalled progress on the Central American peace plan. Reflecting this tension was the role of United States foreign policy. As our introductory article points out, "Despite the investment of several billion dollars, plus a great deal of energy and prestige, there were few positive, concrete results for eight years of high-level United States involvement in Central America."

The United States and Central America: A Policy Adrift

BY RICHARD L. MILLETT

Professor of History, Southern Illinois University, Edwardsville

By virtually any standard, the period from October, 1987, through September, 1988, was a disaster for the Central American policies of the United States. The position of the Nicaraguan armed resistance (the contras) deteriorated throughout the year. In El Salvador, the military situation remained stalemated, while the health of President José Napoleón Duarte deteriorated and the far right made major political gains.

The ultimate debacle came in Panama, where administration efforts to oust the Panamanian strongman, General Manuel Antonio Noriega, succeeded only in destroying that nation's economy and converting the internal opponents of the general into bitter critics of the United States. By the fall of 1988, the Republican party, which had been touting United States President Ronald Reagan's Central American policy as a great success, appeared to be doing everything possible to avoid mentioning the region during the presidential campaign.

Many of the problems that handicapped efforts to respond to the ongoing crisis in Central America existed long before 1988. These included the continuing difficulty of mustering public support for or even comprehension of the policy. In June, 1988, speaking to the National Foreign Policy Conference for Educators, United States Assistant Secretary of

State Elliott Abrams complained that a recent poll showed that more Americans (43 percent) thought that El Salvador was "an enemy of the United States than perceive it as a friendly country or ally (32 percent)." In addition, 61 percent thought that "the Soviet Union was supporting a Communist revolution against the government of Nicaragua," and 7 percent believed that the conflict between the contras and the Sandinistas was taking place in Southeast Asia.¹

Although such levels of public ignorance proved frustrating to the administration, there was little evidence to indicate that a better understanding of the situation would lead to support for United States policies. Poll after poll showed a majority of Americans opposed to providing lethal assistance to the contras. The great majority of Republicans in Congress, supported by a handful of conservative Democrats, continued to support contra aid; but there was no evidence that opposition to such aid had ever played a major role in defeating a congressional incumbent.

The lingering effects of the Iran-contra scandals also handicapped administration efforts in Central America. In the aftermath of these revelations, most of the ardent supporters of the contras, including Lieutenant Colonel Oliver North, Central Intelligence Agency (CIA) Director William Casey, Deputy Assistant Secretary of Defense Nestor Sanchez, and White House aide Pat Buchanan, had left the administration. Their successors, while publicly

¹Remarks of Elliott Abrams, Assistant Secretary, Bureau of Inter-American Affairs, to the National Foreign Policy Conference for Educators, Washington, D.C., June 23, 1988.

supportive of the administration, lacked the conviction and enthusiasm of their predecessors. Assistant Secretary of State Abrams continued to urge support for the contras, but his position was seriously weakened, first by revelations that he had lied to the Congress and later by the perception that he had played a central role in the debacle of United States efforts to oust General Noriega. Even the President's enthusiasm for the contras appeared to be declining. He continued to praise their efforts and to denounce those who opposed continued aid, but the priority that the White House assigned to the project decreased steadily.

The administration's continuing battle over the budget deficit also hampered its policies. It became increasingly difficult to muster congressional support for maintaining, much less increasing, the levels of aid provided to Central America. Total United States assistance to the region, in constant dollars, had peaked in 1984.² It declined for fiscal year 1988 and appeared likely to decline still further in fiscal 1989.

The Central American peace accords, popularly known as the Arias plan, signed by the five Central American Presidents in Guatemala on August 7, 1987, proved to be an ongoing obstacle to administration efforts. The accords provided powerful arguments for opponents of contra aid, made it virtually impossible to gain a consensus of the Central American Presidents for any effort to oust the Sandinistas, and weakened the credibility of administration efforts to portray Nicaragua as an intransigent regional menace.

Efforts to dismiss the plan as "fatally flawed" damaged administration credibility more than they affected support for the Arias plan, especially after its author, Costa Rican President Oscar Arias, was awarded the Nobel Peace Prize.³ In November, 1987, the Sandinistas' announcement of their willingness to enter into negotiations with the contras, first through the mediation of Cardinal Miguel Obando y Bravo, and later directly, also hampered administration efforts to gain support for the contras and isolate the Sandinistas.

International and domestic developments not directly related to Nicaragua combined further to complicate administration efforts. The thaw in United States relations with the Soviet Union, culminating in the exchange of official visits, the sign-

ing of the treaty on intermediate-range nuclear missiles, and the Soviet agreement to withdraw from Afghanistan, made it difficult to portray the Soviet Union as an "evil empire" bent on extending its sway throughout the Western Hemisphere.

On the domestic front, perceptions of a weakened, "lame duck" administration, combined with the increasing focus on the 1988 elections, diverted attention from Central American issues and reduced the ability of the administration to set the foreign policy agenda. These developments also reduced the credibility of administration promises and the effectiveness of American pressures. Central American leaders, unsure of United States policy direction under the next administration, became increasingly cautious in their dealings with the United States.

As the administration's problems mounted, its ability to influence Congress declined. Criticisms increased, some from the right, which charged that policies in support of the contras were not aggressive enough, but more from a Democratic majority that was divided between moderates willing to compromise on issues like contra aid and liberals determined to end the program altogether.⁴

Despite this formidable array of problems, President Reagan continued his efforts to win economic and political support for the contras and to isolate Nicaragua. That these efforts did not totally collapse was due, in part, to the Sandinistas themselves, who repeatedly took actions that kept the prospect of contra aid alive. These included bellicose statements of Sandinista officials, a major incursion into Honduras, revelations of Sandinista military plans by high-level defectors and periodic Nicaraguan government crackdowns on opposition media and politicians. Time after time, the administration used such actions to revive the contra aid debate. This, in turn, created a dilemma for congressional Democrats who opposed aid to the contras but were anxious to avoid any appearance of weakness in an election year.

President Reagan used his 1988 State of the Union address to appeal for new contra funding, setting off an immediate conflict with congressional Democrats. Arguing that without renewed United States assistance "there [was] little chance that the Sandinistas [would] bargain seriously," the President called for \$36.25 million in contra aid. Ten percent of this was designated for lethal assistance, but this would be held in escrow and released only if the contras and the Sandinistas failed to negotiate a cease-fire agreement by March 31, 1988.⁵

The Democratic leadership attacked the President's request, objecting to the refusal to give Congress any voice in determining whether funds for lethal assistance should be released and arguing

²*The Economist*, April 23, 1988, p. 47.

³*The New York Times*, September 13, 1987, p. 24.

⁴See, for example, the role played by Speaker of the House Jim Wright (D., Tex.). Dale Russakoff and Tom Kenworthy, "Jim Wright's Daredevil Act," *Washington Post Weekly*, December 7, 1987, p. 6. Foreign Broadcast Information Service, *Latin America: Daily Report* (hereafter cited as FBIS), November 13, 1987, pp. 20-21.

⁵*The New York Times*, January 28, 1988.

that the bill had hidden costs that could raise the actual amount of assistance to \$63 million over four months.

As it became clear that the request had little chance of passage in the House, the administration agreed to give Congress a voice in any decision to release lethal aid. Attempting to rally public support, on the night before the vote in the House the President made a personal appeal for renewed funding. But the three major commercial television networks refused to carry the speech, arguing that it was largely a restatement of previous arguments. On February 3, the House defeated the aid proposal by a vote of 219 to 211. With the current aid package due to expire, the contras faced the prospect of being left without official United States economic support.

The confusing debate over this contra aid package ultimately produced the result most feared by contra leaders—no aid at all. On March 3, by a vote of 216 to 208, the House rejected the plan. The majority was composed of an odd alliance of the most liberal Democrats with conservative Republicans. The Democratic leadership in the House promptly declared that the contra aid issue was dead at least for the next few months; subsequently, contra supporters in the Senate scrambled to salvage some form of assistance.

President Reagan vowed to continue seeking funds for the contras, but for several months his efforts met with little success. Following the March 24 cease-fire agreement between the contras and the Sandinistas, Congress approved \$17.7 million in aid for food and medicine but attached numerous conditions to the bill to ensure that the administration could not use the funds for any form of military aid to its erstwhile allies. In May, the *Washington Post* reported an administration official as admitting that “there is a sense that time finally has run out for the dream that a commitment to the contras and their campaign of guerrilla warfare could end the threat of Nicaragua becoming a Marxist foothold.”⁶

With peace talks continuing, the contra leaders fighting among themselves, Panama replacing Nicaragua as the administration's major policy problem in the hemisphere and neither George Bush nor Michael Dukakis showing any disposition to make Nicaragua a major campaign issue, the prolonged debate over United States support for the contras might finally be coming to an end. But, in July, a series of actions by the Sandinistas helped revive the issue. In short order, the Nicaraguan government arrested several prominent opposition politicians, closed the opposition's newspaper, *La Prensa*, and the Catholic radio station, and expelled the United

States ambassador and several members of his staff. Congress adopted resolutions condemning Nicaragua's actions and the administration retaliated by expelling the Nicaraguan ambassador to the United States.

For the administration and the contra leadership, these events seemed to offer one last opportunity to revive the aid program. For the Democrats, such developments could hardly have come at a worse time. Democratic presidential candidate Michael Dukakis, who was on record as opposing contra aid, had selected as his running mate Texas Senator Lloyd Bentsen, a long-time supporter of such aid. Any vote in Congress ran the risk of seriously embarrassing the Democratic ticket.

To avoid this possibility, the Democratic leadership in Congress acted quickly to preempt administration efforts with a plan of its own. Moving with unaccustomed speed, in August the Senate drafted, debated and passed a package providing for \$27 million in humanitarian aid, including a provision for a later vote on releasing \$16.5 million in military aid.

Neither the Republicans nor the contras were happy with the bill, which they perceived as a Democratic maneuver whose real purpose was to block lethal aid to the contras while avoiding any embarrassment to Senator Bentsen. The administration was also unhappy because the resolution had been tacked on to the defense appropriations bill that already included many elements opposed by the President.

In October, 1988, the \$27 million humanitarian aid package was approved as part of a \$14.3-billion foreign aid bill; however, the aid was extended only for a six-month period and the provision for releasing military aid was effectively killed by the late passage of the legislation.

While Washington debated, the contras' strength continued to dwindle. Food became scarce, and they even resorted to eating the pack mules that brought in the remaining supplies purchased with United States humanitarian aid funds.

The administration's defeats in its efforts to obtain contra assistance were reflected in its dealings with the governments of Guatemala, El Salvador, Honduras and Costa Rica. These nations had once constituted a relatively united front of opposition to the Sandinistas. But after the signing of the Arias plan, divisions within the region increased, with Guatemala and Costa Rica becoming increasingly critical of some aspects of United States policy in Central America.

Attempting to gain support for, or at least to minimize the degree of open opposition to, United States policies, the Reagan administration subsequently dispatched a series of high-level missions to

⁶John M. Goshko, “From Freedom Fighters to Forgotten,” *Washington Post Weekly*, May 2-8, 1988, p. 14.

Central America. In January, 1988, Assistant Secretary Abrams and the national security adviser, General Colin Powell, toured the region. From June 29 through July 1, and again in early August, Secretary of State George Shultz traveled to Guatemala, Honduras, El Salvador and Costa Rica.

While Nicaragua remained at the center of the Reagan administration's concerns in Central America, it was by no means the only issue in the region. Increasing emphasis was also being placed on the problem of narcotics production and shipments. In part, this was the result of the political climate in the United States, but it also reflected real difficulties in the region. The United States effort to force out General Noriega was the most visible result of this new emphasis.

The narcotics issue also surfaced in debates over contra aid, as evidence increased that some contras and their supporters had been involved in narcotics trafficking. In Central America, United States concerns included marijuana production in Belize, evidence that Mexican heroin producers were moving some of their crop into northern Guatemala and the presence in Costa Rica of individuals associated with the drug trade. A special problem existed in Honduras, where Juan Ramon Matta Ballesteros, a Honduran citizen linked to the Colombian drug cartel and suspected of involvement in the 1985 murder of United States Drug Enforcement Agency agent Enrique Camarena, had taken refuge. The United States feared that Matta was involving Honduras in the drug trade, bribing military and civilian officials and converting that nation into a major narcotics transshipment point.

In April, United States pressures led the Honduran military to cooperate in expelling Matta from the country and turning him over to United States authorities, who promptly imprisoned him. In so doing, the Honduran authorities violated their own constitution. The result was the most violent anti-United States demonstration in Honduran history, during which the United States consulate was burned.

The Matta Ballasteros affair was by no means the only problem in United States-Honduran relations during 1988. In March, Nicaraguan forces had crossed into Honduras, attacking contra forces and base camps. The United States hurriedly dispatched more than 3,000 troops to Honduras. Reports of strong United States pressures to force the Hondurans to accept the United States troop presence were strongly denied by both governments.

Throughout 1988, the United States continued to maintain its significant military presence in Honduras. United States forces operated out of the air-

base at Palmerola, United States National Guard units continued to train in Honduras, and other United States forces arrived periodically for joint maneuvers. There were signs of growing resentment of this presence, culminating in a July, 1988 attack that wounded four United States soldiers.

Despite all these problems, the government of Honduras continued to support most United States policies. In return, Honduras received the second highest level of United States assistance in the region—\$41.2 million in military aid and \$125 million in economic aid during fiscal 1988, considerably below the fiscal 1987 figure. But even Honduras was concerned about the future of United States policy. The contras were at the heart of that concern and, as the year progressed, Honduran officials began openly to urge the United States to accept responsibility for removing the contras from Honduras, should their military efforts collapse.

United States concerns over El Salvador also increased during 1988. Much anxiety was related to the decline in the health of President José Napoleón Duarte and to the prospect that the 1989 elections would see the far-right ARENA (National Republican Alliance) party oust his Christian Democrats from power. There was also evidence of increased human rights violations, coupled with a stalemate in the war between the government and the guerrillas. A special complication was provided by Salvadoran government decisions to release several individuals on both the left and the right who had been involved in the murder of United States citizens. The government explained that its actions were mandated by the Central American peace accords, but this explanation failed to satisfy either the Reagan administration or the Congress.

Despite growing problems, the administration continued to put the best possible light on the situation in El Salvador, downplaying human rights abuses, claiming that ARENA was becoming a moderate party and continuing to provide large sums of military and economic aid, totaling \$337.3 million for fiscal 1988. But by the fall of 1988, it seemed obvious that the United States position in El Salvador was deteriorating and that the nation might pose a major policy problem for the next administration.

Problems with Guatemala and Costa Rica were less serious. Many of these revolved around the differences between these governments and the Rea-

(Continued on page 438)

Richard L. Millett is senior adviser on political risk analysis for Frost and Sullivan of New York. He is the author of over 50 books and articles on Latin America.

"After a year of political, economic and diplomatic turmoil, the Sandinistas are still in control of the [Nicaraguan] government. . . . The developments of 1988 indicate that if Nicaragua is to have peace and prosperity, the Sandinistas must negotiate with their internal enemies."

Peace and the Nicaraguan Revolution

BY DARIO MORENO

Assistant Professor of Political Science, Florida International University

IN 1987, as the Central American peace accord changed the situation in the region from one of stalemate to one of new opportunities, the prospects for peace and democracy in Nicaragua looked promising. After signing the agreement (called Esquipulas II), the Sandinista government took early and decisive steps to comply with the accord's requirements for democratization and pluralism. However, less than a year after the signing of the peace agreements, the process appears to have broken down. The regime, once again, has taken repressive action against its political opponents. On July 10, 1988, the Sandinistas arrested 38 critics of the government who had participated in an anti-government rally, temporarily closed down *La Prensa*, silenced Radio Catolica, confiscated the San Antonio Sugar Mill (the single largest private enterprise in the country) and expelled the United States ambassador and eight other United States diplomats.

What explains this radical reversal of government policy at a time when the war against the contra rebels appeared to be winding down, when United States congressional opinion was turning against any additional assistance to the contras, and when international public opinion was squarely behind the efforts of the Central American Presidents to find a regional solution to the Central American crisis? An examination of Nicaraguan conditions reveals that the current crackdown is nothing more than a temporary (even desperate) attempt by the Sandinistas to recapture the political initiative after a year of domestic economic and political setbacks. Today, the Nicaraguan revolution is confronted by a political and economic crisis that threatens the survival of the regime. The economy continues its decline, jeopardizing satisfaction of the most basic needs and generating increasing opposition to the government. The ruling Sandinista Front for National Liberation (FSLN) hoped that the Central American peace settlement would be the first step in

ending the current crisis, but with the breakdown of the peace process the Sandinistas have returned to better-tested methods for dealing with counter-revolutionaries.

Nicaragua's commitment to the Central American peace process had been made clear by its early compliance. The Sandinistas hoped that peace would pave the way for improved relations with Washington, end the contra war, diminish political polarization and thus create the conditions for economic recovery. The peace agreement called for establishing a lasting regional peace through democratization, national reconciliation, amnesty, a cease-fire, free elections, cessation of assistance to irregular forces, and the denial of territory for aggression against one another's countries.

The government of Nicaragua moved quickly to comply with the accord's requirements, hoping to end the domestic opposition's flirtation with the armed resistance. On September 19, 1987, less than a month after the peace plan was signed, the Sandinistas authorized the reopening of the opposition newspaper *La Prensa*, "with no further restrictions other than those imposed by responsible journalism."¹ Two days later, Minister of Interior Thomas Borge announced that Radio Catolica, off the air since January, 1986, could resume broadcasting. Borge also announced repeal of the policy of prior censorship of the media.

At the same time, Nicaragua adopted measures toward democratization and pluralization not required in the peace accord, like repealing the "Ley del Asunto" (law regulating absentee property owners). This law provided for the confiscation of any property whose owners lived outside Nicaragua for more than six consecutive months.² More important, Nicaragua was the only country in the region confronting an armed opposition where the government took steps to create a real prospect for a cease-fire. On March 23, 1988, the government of Nicaragua and the Nicaraguan Resistance (the contras) signed a temporary cease-fire agreement at Sapoa. The agreement was the only cease-fire accord arrived at between a guerrilla movement and a Central American government.

¹Foreign Broadcast Information Service, *Latin America*, "FSLN Communiqué on Esquipulas Compliance," October 30, 1987.

²*Washington Post*, September 13, 1987.

In order to end the war, the Sandinistas relaxed their original refusal to negotiate directly with the contras. The government felt secure enough to negotiate directly with the Nicaraguan Resistance in 1988 because the tide of the war had turned in its favor. By 1986, after the deployment of Soviet-built helicopters and the implementation of an unpopular draft, the FSLN had defeated the rebels on the battlefield.³ In 1984, the rebels' southern front had been demolished, and in the following year the contra forces in the northern and eastern regions had also been defeated. By 1986, contra activity in Nicaragua was reduced to economic sabotage and terrorism against civilians.⁴

To make matters worse for the resistance, the FSLN adopted policies aimed at reducing the contras' popular support. First, the Sandinistas adjusted their agrarian reform policy, moving away from large-scale state farms and redistributing land as private property to individuals and small cooperatives. This placated the Nicaraguan peasantry in the northern region, which had been the most sympathetic toward the contra rebellion.

Second, the Sandinistas adjusted their policy along the Atlantic Coast to lessen support for the resistance among the English-speaking natives there. After the revolution, the Sandinistas had used heavy-handed tactics to integrate the region into the revolution. Many Miskito Indians had been relocated in inland camps away from their traditional homeland along the Rio Coco, and there was widespread repression of Miskitos and other local Indians by authorities sent from Managua.⁵ Because of these policies, many Miskitos had joined the resistance and had made the Atlantic Coast a hotbed of contra activity.

In 1984-1985, the government moved to correct these errors. The first step in reclaiming the Atlantic Coast was granting autonomous status to the region. This status gave the Indians the right to speak and teach freely in their own language and to establish their own social organizations. It also gave the Indians greater participation in local government and promised noninterference in local affairs. The Sandanista regime also pacified the Atlantic Coast by promising greater government spending on the region.

These setbacks for the contras gave the Sandinistas an opportunity to end the war. The regime reasoned that it was now dealing from a position of strength and could afford to negotiate directly with

the resistance. This belief was reinforced by events early in 1988 that further weakened the contras. First, the contras suffered a diplomatic defeat when the Central American Presidents agreed on a peace plan that called for cessation of all assistance to the irregular forces. Second, on February 3, 1988, the United States Congress handed the resistance a political defeat when it voted against any additional United States military aid to the contras. The Sandinistas then dealt the rebels a military setback in March when they destroyed the principal rebel base camps along the Honduran border. These setbacks for the armed opposition gave the FSLN the opportunity to end the war, and the signing of the ceasefire at Sapoá was viewed as the end of the contras as a military force.

The Sandinistas hoped that the settlement of the war would pave the way for improved relations with the United States. Nicaragua specifically wanted the United States to lift the trade embargo and to end the multilateral credit boycott. Under United States pressure, the World Bank had suspended credit to Nicaragua in 1982; the Inter-American Development Bank had followed suit in 1983. The lifting of the United States trade embargo and the credit boycott are viewed by the Nicaraguan leadership as the key to the country's economic recovery. Nicaraguan President Daniel Ortega Saavedra has repeatedly blamed the United States for the deterioration of the Nicaraguan economy.⁶ The Sandinistas hoped that the settlement of the war and the signing of the Esquipulas II agreement would open the way for the normalization of relations between Washington and Managua.

A YEAR OF CRISIS

The Nicaraguan regime's expectations that the Central American peace plan would diminish political polarization, end the war, and improve relations with the administration of United States President Ronald Reagan proved illusionary. The Sandinistas interpreted the peace plan as the acceptance by its domestic and foreign opponents of the legitimacy of the current constitutional order in Nicaragua. They viewed the agreement as an endorsement of a strongly centralized state with myriad organizations under party control that would accord the opposition the right to dissent, but only within the limit fixed by the party. They hoped that the agreement (strengthened by the Sapoá agreement) would pave the way for economic recovery, and that Washington, especially after the Reagan presidency, would be willing to end its policy of economic war against Nicaragua.

Instead, since the signing of the peace accord in August, 1987, the situation has deteriorated sharply. In late 1988, the Sandinistas are confronted by a

³John Booth, "War and the Nicaraguan Revolution," *Current History*, vol. 85, no. 515 (December, 1986), p. 406.

⁴*Mesoamerica*, March, 1985, pp. 1-2; Reed Brody, *Contra Terror in Nicaragua* (Boston: South End Press, 1985).

⁵John Booth, op. cit., p. 434.

⁶*Barricada*, June 15, 1988.

crisis far more threatening to the survival of the revolution than any problem in their history. The economic difficulties have reached crisis proportions, opposition to the revolutionary regime is growing, and Nicaragua finds itself isolated diplomatically.

The most serious problem confronting the Nicaraguan regime is economic. The FSLN is engaged in what President Ortega has described as a life-and-death struggle. The war, the United States trade embargo, loss of Western credit, mismanagement and overly ambitious social programs have created an economic nightmare. For example, the country's gross domestic product (GDP) per capita in 1985 was 37 percent below the GDP in 1975. And GDP per capita declined further in 1986, 1987 and 1988.⁷ The plight of the urban worker is reflected by the 23 percent fall in the average real urban salary in 1985, 63 percent in 1986, and 50 percent in 1987.⁸

The country's declining productive capacity is indicated by export levels. At the time of the Sandinista victory, Nicaragua exported a little less than \$600 million in goods a year; since 1979, this figure has declined steadily. In 1986 and 1987, Nicaraguan exports declined to just above \$200 million, and this year neither the United States embassy nor the Nicaraguan private sector expects exports to surpass \$200 million in value.

But by far the most critical problem facing the Nicaraguan economy is hyperinflation. The inflation, which resulted from Nicaragua's giant public expenditures, was 747 percent in 1986 and 1,800 percent in 1987; it is estimated that it will reach 10,000 percent in 1988.⁹ The Sandinistas have blamed the inflation on military spending made necessary by the country's seven-year war against United States-financed contra guerrillas.¹⁰

To deal with the economic crisis, twice in 1988 the Sandinistas announced extensive austerity measures designed to reduce government spending. In February, 1988, they announced a reduction in the size of the government as they consolidated ministries and introduced a new currency. In a two-

hour televised speech on June 14, 1988, President Ortega went much further when he announced a series of measures "similar to those taken by capitalist countries" to reduce public spending and provide new incentives to private producers. Among other measures, Ortega announced the lifting of price controls on many products, a green light to collective bargaining between workers and managers, and the devaluation of the currency from 13 cordobas per dollar to 80 cordobas per dollar.¹¹

The FSLN "austerity program" has resulted in a worsening of the general economic situation; the new policies have resulted in higher prices, a drastic drop in industrial and agricultural production, and higher unemployment. Gasoline prices rose from 15 cordobas a gallon on the day before Ortega's speech to 175 cordobas a gallon a day later. Many products that had been in short supply magically reappeared on supermarket shelves at exorbitant prices. According to the private sector, the Nicaraguan business community is in a bind. If it maintains high prices, nothing sells; if it lowers prices, they sell at a loss.¹² Most businesses are staying open only to avoid being confiscated by the government.

The apparent failure of the latest economic experiment drives home the fact that the economic situation will improve only with the ending of the war, national reconciliation, and improved relations with the United States. According to Ricardo Chavarria, Vice Minister of INSSBI, the war has so far killed some 43,000 Nicaraguans on both sides, displaced over 300,000 civilians, and cost the government over \$1.8 billion. However, despite the signing of the Sapoa cease-fire agreement, deep fears and strong suspicion remain. The agreement is surprisingly brief and often disconcertingly vague. Basic issues, like the disarming of the contras, the separation of the military and police from the Sandinista party, and the conditions under which future elections will be held are not covered.¹³

The success of the Sapoa agreement will ultimately depend on detailed agreements. Especially important is the issue of ties between the Sandinista Front and the military and police forces. Adolfo Calero and other contra leaders have stressed the necessity of basic changes in this area as part of the final peace agreement. While the Sandinistas have indicated some willingness to discuss this issue, there is little reason to expect that they will make the basic changes that their opponents are demanding. In fact, in his annual May Day speech, President Daniel Ortega said that the Sandinista Front would never relinquish control of the army and the police.

The success of negotiations between the Sandinistas and the contras will also ultimately depend

⁷Figures are from Maria Eugenia Gallardo and Jose Roberto Lopez, *Centroamerica: La Crisis en Cifras* (San Jose: IICA-FLASCO, 1986), pp. 47-48.

⁸Figures are from the United States Embassy in Managua, "Foreign Economic Trends: Nicaragua," January, 1988.

⁹Figures are from the United States Embassy, op. cit.; and from *Miami Herald*, August 1, 1988.

¹⁰See, for example, President Ortega's June 14, 1988, speech published in *Barricada*, June 15, 1988.

¹¹Ibid., June 15, 1988.

¹²Andres Oppenheimer, "Free Market Backfires in Nicaragua," *Miami Herald*, August 1, 1988.

¹³Richard Millett, "Nicaragua: A Precarious Peace," *ibid.*, April 10, 1988.

on whether the United States abides by the Central American peace plan's provision requiring the cessation of assistance to irregular forces and to insurrection movements in Central America. As long as the Nicaraguan Resistance can appeal to Washington, it will not make the hard choices required for peace. Thus, after the breakdown of negotiations between the contras and the Sandinistas in April, 1988, Alfredo Cesar, a rebel negotiator, reminded his Sandinista opponents that the contras can always appeal to the United States. He called the Sandinista proposal for disarming the rebels "dangerous" because United States congressmen who read the proposal could be persuaded to vote new military aid for the rebels.¹⁴

The Reagan administration has viewed the Sapoa agreement with suspicion and has encouraged the contras to take a hard line toward negotiation. In a meeting with the contra leadership in Miami, United States Assistant Secretary of State Elliott Abrams received assurances that the rebels would not agree to any major new accords.¹⁵ The Reagan administration has also moved to strengthen the hand of hard-liner and former National Guardsman Enrique Bermudez. Bermudez, who has criticized the Sapoa agreement, was given control of the \$48-million aid package that the administration was able to push through Congress. Contra field commanders who have supported the accord are reportedly being denied assistance.¹⁶ The Reagan administration also engineered the election of Bermudez to the directorate of the Nicaraguan resistance, the contras' main political body.

Reversing the economic decline will require not only ending the war, but also bringing back skilled personnel and attracting foreign investment and aid. More than symbolic gestures of reconciliation will be required. However, the political opposition in Nicaragua has viewed the Sandinistas' attempts at democratization with suspicion. For example, the internationally respected critic of the Nicaraguan government, Violeta de Chamorro, is unimpressed with Sandinista attempts at liberalization. Testifying before the peace plan verification committee, Chamorro described *La Prensa* (and, by extension, Nicaragua) as "living under a precarious liberty, which the Sandinistas see themselves obliged to extend from time to time and which they can terminate at any moment."

Other members of the internal opposition point out that true democracy cannot exist in Nicaragua

until the structure of the regime is changed. Leonardo Hernandez, head of the only independent human rights commission in Nicaragua, has predicted that the government's compliance with the peace process will be partial and temporary: "They can reopen *La Prensa* and Radio Catolica, but the underlying repressive legal apparatus remains intact. At any moment they can roll us back to zero."¹⁷

The domestic opposition argues that any move toward meaningful democratization in Nicaragua must be accompanied by sweeping constitutional reforms. Its most important demand is that all links between the Sandinista party and the state must be removed. The opposition wants the Nicaraguan armed forces and the police to be transformed into national, professional, nonpartisan institutions instead of branches of the ruling party. Symbolically it suggests that the preamble to the Nicaraguan constitution, which establishes the FSLN's ideology as the "fundamental doctrine of the state," be amended.¹⁸

The opposition also wants to limit the power of the presidency. Specifically, it calls for limiting the President to one term in office, prohibiting the President's relatives to the fourth degree by blood and marriage from running for President, and removing the President from the nomination process for the Supreme Court and the Supreme Electoral Council that supervises the conduct of elections.

In addition, the opposition demands reforms in property rights, in the educational system and in the powers of municipal governments. Finally, it asks for the appointment of a human rights ombudsman and for the establishment of a constitutional tribunal to resolve conflicts of power among branches and entities of government and a council to determine economic policy.¹⁹

The FSLN has responded ambiguously. Some Sandinista officials have indicated that negotiation on some of the opposition's demands are feasible although not those that involve constitutional reform. Under the provisions of the peace plan, the regime held a series of meetings with the domestic opposition, but these talks broke down in December, 1987, amid opposition charges of government intransigence. The FSLN's refusal to reform the constitutional framework of the current regime has led various elements of the domestic opposition in Nicaragua, including leaders of the right-wing

(Continued on page 431)

¹⁴Ibid., April 18, 1988.

¹⁵Ibid., May 1, 1988.

¹⁶Ibid., May 2, 1988.

¹⁷*Washington Post*, September 13, 1987.

¹⁸Nina M. Serafino, "Dateline Managua: Defining Democracy," *Foreign Policy*, no. 70 (Spring, 1988), p. 168.

¹⁹Ibid.

Dario Moreno is currently working on a book on United States-Nicaraguan relations. In January 1988, Moreno served as a member of the Latin American Studies Association commission on compliance with the Central American peace plan and toured Central America with the commission.

"... to [Mexico's President] Carlos Salinas and his technocratic advisers, political reform is of secondary importance to the acute economic distress in Mexico. . . . pursuing sweeping political changes before achieving sustained economic growth could further divide the ruling PRI [Institutional Revolutionary party] and turn long-time party loyalists into critics of the government. . . ."

Mexico: A New Political Reality?

BY GEORGE W. GRAYSON

Professor of Government, College of William and Mary

IN Mexico City, opposition congressmen hooted insults, whistled catcalls and staged a noisy walkout as outgoing President Miguel de la Madrid Hurtado delivered his three-and-one-half-hour "state of the nation" address on September 1, 1988.¹ These unprecedented antics were designed to protest claims by the Institutional Revolutionary party (PRI), which has governed this cornucopia-shaped nation for six decades, that its nominee, Carlos Salinas de Gortari, had captured the presidency in the July national elections.

The contests gave rise to the most vigorous challenge to the regime since 1940. Participating in the demonstration were parties comprising the National Democratic Front, which had backed populist Cuauhtémoc Cárdenas for President. Also taking part were militants in the pro-business National Action party (PAN), whose nominee was Manuel Clouthier, a gruff, energetic millionaire. Clouthier spouted the campaign's most bombastic rhetoric; he advocated free enterprise, Roman Catholic values, a leaner government and closer ties with the United States. Ten days later, leftist deputies chanted "Electoral fraud! Electoral fraud!" as they stalked out of an all-night legislative session that ended in a 263-85 vote to confirm Salinas as President.

The raucous anticorruption demonstrations reflect the weakened condition of the Mexican presidency, which was once lauded as a combination of pope, king, prime minister and head of state. High on President Salinas's agenda will be reassessing executive-legislative relations, revitalizing the ruling PRI party, implementing a new growth model in the face of Herculean opposition, and—perhaps—democratizing a regime that has changed vote manipulation from an art form to an exact science.

¹*Proceso*, September, 5, 1988, pp. 5-13.

²Reportedly, in a survey of 500 deputies, senators, governors, high-level state officials and PRI leaders, only 94 favored Salinas. Enjoying greater support were then-Energy Secretary Alfredo del Mazo (167) and Government Secretary Manuel Bartlett Díaz (148). See *ibid.*, October 19, 1987, pp. 12-15.

³*Washington Post*, July 4, 1988, p. A-10.

After secretly consulting with elites in the so-called *cúpula* of Mexico's "revolutionary family," President de la Madrid chose Carlos Salinas to carry the PRI's red, white and green banner into the 1988 presidential campaign. A medley of factors accounted for Salinas's selection over more popular precandidates:² his emphatic loyalty to the President (a fellow alumnus of Harvard University); his impressive ties to the north—a region that is the most antagonistic to Mexico City in general and to PRI's heavy-handed rule in particular—where his father represents Nuevo León state in the federal Senate; his skill in surrounding himself with talented advisers; and his impeccably low-key and prudent conduct during the protracted selection process known as *auscultación*. Equally impressive were his expertise in world-scale economic questions and his commitment to accelerating de la Madrid's restructuring of the huge statist economy while integrating Mexico into global markets. As secretary of budget and planning from 1982 to 1987, Salinas had championed liberalization to spur the nation's recovery.

Although a gifted economist, the bald, slightly built 40-year-old Salinas had never sought public office until he obtained his party's presidential nomination. He was, however, one of the PRI's *cachorros* (or cubs), the privileged sons of former government officials who have risen rapidly through the party's ranks. After earning two master's degrees from Harvard, Salinas made his name in the financial bureaucracy before assuming a key post in the 1982 election campaign.

Six years later, Salinas embarked on his own campaign that covered 69,880 miles, included two or more visits to each of Mexico's 31 states, and involved delivering 1,200 speeches to audiences totaling 6 million people.³

In addition to de rigeuer platitudes, Salinas articulated an impressively coherent philosophy of the state's proper size, function and objectives. He stressed that a large government was not necessarily a strong one because size often resulted in delays,

deadlock and corruption at the hands of a come-back-tomorrow bureaucracy. To enhance efficiency and productivity, he urged (1) fortifying strategic and priority areas of the economy, (2) granting autonomy to key public sector firms, (3) exercising strict budgetary controls over government operations to reduce deficits, (4) slashing excessive regulations, (5) selling off nonpriority, nonstrategic state entities and (6) decentralizing appropriate government activities.

Resources saved in this process would be channeled to health, education, housing, nutrition, security, justice and other critical social needs. In addition, Salinas argued that a less intrusive state should open opportunities for entrepreneurs, thereby revitalizing a sluggish private sector that often appeared smothered by red tape.⁴

Moreover, the PRI standard-bearer recommended political "modernization" to complement the economic restructuring. Above all, Salinas wanted to alter Mexico's image as a country that practiced democracy 364 days a year — with election day the exception.

POLITICAL ALCHEMY

Salinas's reassurances aside, Cárdenas repeatedly warned that the results would be transmuted by the "political alchemy" that the PRI had used to capture every presidential, gubernatorial and Senate election since its founding in 1929. For instance, PRI's shadowy magic had guaranteed its nominee's triumph over a popular PAN candidate in the fiercely fought 1986 gubernatorial election in Chihuahua.

Clouthier and three other candidates echoed Cárdenas's jeremiads. Contributing to an environment of suspicion was the murder, four days before the election, of Francisco Xavier Ovando Hernández, a congressional candidate and Cárdenas campaign insider. The murky circumstances surrounding the postelection killing of four young Cardenista activists sharpened apprehensions. Indeed, Cárdenas described Ovando's killing as "definitely a political crime" that had been committed to send "a

message of intimidation and provocation" and to bring about "the start of a cycle of violence." Still, Cárdenas counseled his supporters to remain calm. To retaliate would trigger a "resurgence of repression" by the "darkest and most reactionary sectors of the government," he cautioned.⁵

Most preelection public opinion surveys showed Salinas with a comfortable lead over his political foes. Indeed, a few hours after the polls had closed, PRI president Jorge de la Vega announced "a clear legal and unquestionable" victory for Salinas. Still, claiming computer difficulties, the Federal Election Commission (CFE) took one week to release results that showed that Salinas — with 50.36 percent of the 19,145,012 votes cast — had triumphed over Cárdenas (31.12 percent) and Clouthier (17.07 percent).⁶ Two extremist parties — the Trotskyite Revolutionary Workers' party (PRT) and the synarchist Mexican Democratic party (PDM) — failed to achieve the 1.5 percent threshold necessary to maintain their legal registration. Nearly half the 38,074,926 registered voters failed to cast ballots.

These figures, if they had been released promptly as Government Secretary Manuel Bartlett Díaz had promised, would have appeared reasonably honest to most Mexicans, for the CFE had credited Salinas with a total 24 percent lower than was awarded to de la Madrid six years earlier. But the embarrassingly long delay in making the tally public combined with the well-publicized intra-PRI dispute over the percentage of the vote reinforced suspicions that, as usual, the official party had rigged the outcome.⁷

As red-faced PRI officials contradicted each other in "clarifying" the delay, journalists unveiled examples of the alchemists' work. Specifically, they pointed to ballot boxes that were filled to the brim even before voting began, multiple voting by PRI flying squads known as *aviadores*, the destruction of ballots cast in opposition strongholds, the altering of tallies communicated to Mexico City after verification by local observers, and the inflation of voting rolls by as much as 49 percent — tactics decried by Cárdenas as a "technical coup d'état."⁸

In what many observers believed to be a fairer count, the CFE awarded the PRI only 260 places in the 500-member Chamber of Deputies, with the remaining seats captured by the PAN (101 seats) and the four pro-Cárdenas parties (139 seats). For the first time, the opposition broke the PRI's stranglehold on the 64-member Senate as the PAN and the Cardenistas won two seats apiece.

Even using official data, it is clear that the opposition — and Cárdenas in particular — derived strong support from shanty dwellers, blue-collar workers, segments of the middle class and government employees, including members of the armed

⁴*El Día*, February 29, 1988, pp. 1, 7.

⁵*The New York Times*, July 5, 1988, and July 8, 1988.

⁶The results were later revised to 50.74 percent for Salinas, 31.06 percent for Cárdenas and 16.81 percent for Clouthier.

⁷Reportedly, Salinas personally intervened to prevent party president de la Vega and other members of the old guard from manipulating results to improve his performance and to prevent losses in Senate and Chamber of Deputies races; in return for not ascribing a 55 percent majority to Salinas, de la Vega was permitted to announce PRI victories in 27 states. See, *ibid.*, July 10, 1988, and July 11, 1988.

⁸*Financial Times*, May 26, 1988; *The New York Times*, July 8, 1988. For denunciations by seven opposition parties, see *Fraude electoral* (Mexico City: Comunicación Meridiana, 1988).

forces.⁹ All told, Cárdenas captured five entities: Michoacán (63.8 percent), Morelos (57.7 percent), Mexico (51.6 percent), the Federal District (49.2 percent) and Baja California (37.2 percent). His poll watchers insisted that he had also bested Salinas in Guerrero, Oaxaca and Veracruz.

What accounts for the success of Cárdenas, a political unknown who had been a lackluster governor before arriving on the national stage? Personal, economic, political and circumstantial explanations exist. First, not only does he bear the name of the last Aztec emperor, he is the son of the most revered twentieth century President who—as the champion of both agrarian reform and the expropriation of foreign oil firms—symbolizes nationalism, social justice and mestizo pride. A picture of “Papa Lázaro,” alongside that of the Virgin of Guadalupe, adorns the walls of many campesino cottages. With the brown skin and high cheekbones that speak of his Tarascan Indian heritage, Cárdenas resembles most Mexicans in contrast to de la Madrid, Salinas and other Spanish-looking elites.

Second, amid the most severe economic conditions since the 1910 revolution, the voters resonated to Cárdenas’s nationalist-populist program that called for suspending payments on the \$105-billion debt, rolling back de la Madrid’s privatization measures, safeguarding government subsidies and possibly halting oil exports. Yet as one who had broken with the PRI because of its “intransigence and antidemocratic excesses,” Cárdenas could lambaste de la Madrid/Salinas-authored initiatives, but at the same time he could appear to conservative Mexicans as a leader who wanted to reform, not tumble, a regime that intervened on behalf of the workers and peasants.

Third, the decision of Heberto Castillo, candidate of the Mexican Socialist party (PMS), to cast his lot with Cárdenas a month before the election meant that Cárdenas enjoyed support from both the nationalists and the Marxist left. Elements of the PRI—like the Oil Workers’ Union whose wily chieftain despises Salinas—also covertly threw their support to the ex-governor of Michoacán.¹⁰ Further, it is reasonable to assume that Cárdenas attracted protest votes that, in the past, had flowed to the PAN. Finally, Cárdenas probably benefited from the groundswell of sympathy aroused by the pre-election killing of Ovando.

For its part, the PRI ran strongest in rural,

southern states, compiling its highest percentage in the Pacific south, the Gulf, and the Yucatán peninsula. The party obtained an unexpectedly large share of the vote in Chihuahua, Nuevo León, Coahuila and other north central states.

In view of these “tainted” results, Cárdenas and Clouthier were joined by Rosario Ibarra de Piedra, nominee of the Trotskyite PRT, in demanding that the PRI either substantiate its claim to victory or hold new elections. “The electoral process hasn’t finished,” the opposition declared in a prepared statement. “There is still time for the power of the public to change the course.”¹¹ Especially vexing to the presumed losers was the government’s unwillingness to open sealed results from 46 percent of the country’s 54,456 polling booths that remained under military guard in the basement of the Legislative Palace.

The election results, even if subjected to the alchemists’ wizardry, produced migraines at the official party’s headquarters. The party’s hegemonic status had ended; the PRI also lost its traditional claim to be the “party of majorities,” gaining support from scarcely one-fourth of all registered voters; the party had secured only 26.8 percent of the vote in the Mexico City area; and, for the first time, the PRI lacked the two-thirds strength in Congress required to approve constitutional amendments.

Nevertheless, the regime survived the elections in remarkably good shape, considering the acute economic pain that had afflicted most Mexicans under de la Madrid. The PRI captured the presidency and a working legislative majority. Antifraud protesters concentrated their activities in a legitimate institution, the Congress, rather than in the streets. The police handled those disturbances that did erupt, thereby obviating the civil-military confrontations that have politicized the armed forces in other Latin American states. The PAN, which emerged with the second largest parliamentary bloc, shares Salinas’s enthusiasm for market mechanisms. The Marxist left, focused in the PMS where the Communist party is the major force, performed so poorly that it failed to win a congressional seat and its candidate dropped out of the presidential race. And while highly critical of the ruling party, Cárdenas and his chief strategist, the highly ambitious Senator Porfirio Muñoz Ledo, are offspring of the vaunted “revolutionary family,” with whose leaders they know how to bargain.¹²

MEXICO’S 54TH CONGRESS

Despite its tempestuous initial session, the Congress may turn out to be the institution that facilitates Salinas’s negotiations with political adversaries. Throughout the twentieth century, the Con-

⁹*Proceso*, August 8, 1988, pp. 17–19.

¹⁰According to the highly respected Monterrey daily, *El Norte*, oil workers’ leader Joaquín Hernández Galicia told union members on July 5 to vote for Cárdenas; refinery workers in Mexico City received the same directive; see *The New York Times*, July 8, 1988, p. A-2.

¹¹*Wall Street Journal*, August 5, 1988, p. 14.

¹²*The New York Times*, September 15, 1988.

gress has acquired a reputation as a vapid debating society that serves to approve executive initiatives. Cartoonists have often ridiculed the bicameral body as a bloated rubber stamp. Several elements have contributed to the subordination of the legislative branch: authoritarian tendencies inherited from both Iberia and the country's indigenous population; PRI's Tammany Hall-style behavior in ruling the country for six decades; and the primacy of the President—beneficiary of both centralist impulses and single party dominance.

A subservient legislature mattered little when Mexico, thanks to the 6 percent annual growth rate catalyzed by an import-substitute development plan, was the dazzling Cinderella of the third world for two decades after World War II. However, the damsel turned into the ragged stepsister as the model began to fizzle amid ever sharper middle-class protests 20 years ago. Discoveries of massive deposits of oil gave Mexico a new lease on life, but since the oil glut in early 1981 the nation's heavily indebted economy has suffered from stagnation, triple-digit inflation, mounting unemployment, declining investment and desultory capital flight.

As early as the 1970's, the Congress became the vehicle for channeling and appeasing demands for broader participation. As a result, the government created 100 additional seats filled by proportional representation (100 more were approved in 1987) in the Chamber of Deputies to guarantee a substantial opposition presence. As additional safety valves, the registration of new parties was encouraged, and key Cabinet secretaries were dispatched to deliver annual reports to legislators—in televised sessions that often became long, verbal slugfests because of acerbic questions from PRI and non-PRI deputies.

The regime that Salinas inherited faces plummeting legitimacy and pugnacious opponents on the left and right, as well as mounting dissatisfaction from labor and other PRI constituencies. Thus, Salinas's backers and critics have deluged the new chief executive with advice on how to handle Congress. On the one hand grizzled labor leaders in the Mexican Confederation of Workers (CTM), swag-bellied party bosses and other "dinosaurs" counsel cosmetic reforms even as the PRI continues to rig elections, to manipulate the media, to buy off or quash dissidents, and to steamroller legislative adversaries. At the same time, technocrats, younger party activists and PRI's new secretary-general, Manuel Camacho Solís (a Salinas confidant and intrepid negotiator), have urged that the Congress be taken seriously. This means consulting with Cardenista and PAN leaders, forging alliances with the right or the left depending on the issue and rejecting the expedient of repression. Even *de la*

¹³*Financial Times*, September 3, 1988, p. 2.

Madrid has spoken of a "greater equilibrium between the executive and legislative powers" as a consequence of the historic July vote.

Still, the opposition's September 1 demonstration furnished ammunition to those PRI leaders who advocate business as usual. As attractive as the dinosaur tack might be for a few months, the unaccustomed and acutely difficult strategy of bargaining with the opposition offers more promising long-term advantages.

The selection of Guillermo Jiménez Morales (a PRI regular with a reputation as a consummate deal maker) as the next president of the Chamber of Deputies may herald the party's disposition to negotiate with legislative rivals. Nevertheless, the degree of accommodation may depend on the coherence of the opposition, the vast majority of whose newly elected deputies are inexperienced, in advancing its own proposals. Although incentives for cooperation have never been stronger, Cárdenas heads a front beset by personal, ideological and programmatic differences. The Democratic Current faction within the PRI and the Mexican Socialist party could work together to form the core of a confederal alliance that embraces the smaller parties participating in the electoral front. But the opposition may find it vastly easier to mount an electoral challenge than to work in harness in the legislative arena. As liberal historian Enrique Krauze has remarked: "This is a sort of vacuum. The presidentialist system is weakening but we don't yet have a parliamentary system capable of taking its powers."¹³

REFORM OF THE PRI

The PRI has changed little since its formation in 1929, when it fashioned appeals to peasants, trade unionists, the military and elements of a minuscule middle class. The past 60 years have witnessed dramatic social, economic, political and demographic changes, spurring the growth in the number of young people, urban poor, businessmen, bureaucrats, and intellectuals—few of whom believe themselves to be represented effectively by the official party. For example, recent economic problems have alienated the upwardly mobile middle class whose expansion marks one of the regime's greatest successes. Consequently, the PRI finished a distant second in Mexico City and other urban centers; public opinion polls revealed feelings of deep-seated cynicism and mistrust toward the party and its leaders.

What changes might be undertaken to enhance

(Continued on page 432)

George W. Grayson's latest book, *Oil and Mexican Foreign Policy*, was published in 1988 by the University of Pittsburgh Press.

"The political fragmentation of the Caribbean reflects its different and divergent political systems. Economically, there is much convergence. . . . However, the concluding emphasis must be on the emergence of national cultural identities in the Caribbean, where . . . from Caribbean societies are carving out their own life-styles and values."

Caribbean Complexities

BY AARON SEGAL

Florence J. Gould Visiting Scholar, The American College in Paris

THE Caribbean region is one of the most diverse, fragmented and heterogeneous in the world. Such are its complexities that there is no consensus on its geographic definition. The controversies over what constitutes the Caribbean are not academic or esoteric. There are differences over external relations, strategic importance and cultural compatibilities.

The broadest prevailing geographic definition of the Caribbean is that of the United States Department of State. Its 1984 *Atlas of the Caribbean Basin* "includes the islands of the Caribbean Sea as well as the countries on its shores."¹ This definition includes all the islands of the Caribbean Sea plus all the littoral countries, including the United States, Mexico, the five Central American republics, Panama, Colombia, Venezuela, Belize, Guyana, Suriname and French Guiana. Taken literally, the definition embraces over 30 countries and a total population of nearly 400 million people; it has become one of the rationales for American policy-making, including direct military intervention in Grenada in 1983, military support for various Central American and Caribbean regimes, and the unilateral trade access provided in the Caribbean Basin Initiative (CBI) of 1983.

The narrow definition of the Caribbean includes the 13 independent former British colonies; all are members of CARICOM (the Caribbean Commonwealth Community) and the Commonwealth.² Thus this narrowly defined entity is often referred to as the Commonwealth Caribbean and/or the West Indies. This definition extends from Belize on the Caribbean coast of Central America to Guyana with a Caribbean coast and a South American hinterland.

This definition takes into account the extensive, meaningful ties among these 13 countries, whose total population is slightly over 6 million. Prime Ministers and other senior officials meet frequently;

CARICOM administers a shaky series of trade agreements; the Caribbean Development Bank based in Barbados is a valuable public funding source; and the University of the West Indies with campuses in Barbados, Jamaica, and Trinidad and Tobago and operations in the smaller member-states is an important shared institution.

Between an overly broad Caribbean Basin definition and the concept of an overly narrow West Indies there are two other definitions. One relies on the concept of the Caribbean archipelago, which stretches from the Bahama Islands at the north to Trinidad and Tobago 2,500 miles away at the south, just off the South American mainland. This definition includes 22 independent and nonindependent islands and approximately 28 million people. It excludes all the circum-Caribbean mainland states—Belize in Central America and Guyana, Suriname, and French Guiana on the northern coast of South America. Since each of these countries shares some significant cultural and historic ties with parts of the island Caribbean, they all deserve to be included in a definition based on Caribbean culture and geography. This last definition includes 26 independent and dependent countries, with an approximate population in 1988 of over 30 million people.

The diversity of this region needs to be underlined. It includes English, French, Dutch and Spanish as official languages plus (in nearly every society) a widespread Creole language or dialect. Communications by air, sea and telephone are generally much better with the rest of the world than communications within the Caribbean. Trade, even between neighboring islands, is minimal, and economic ties with metropolitan powers or North America predominate.

Politically, the Caribbean consists of three distinct groups of countries and societies. There are nearly five million people living on islands that are less than independent and still dependent on a colonial or metropolitan power. The second grouping consists of the six million persons living in the 13 former British colonies independent since the early

¹*Atlas of the Caribbean Basin*, 2d ed. (Washington, D.C.: United States Department of State, 1984).

²D. Lowenthal, *West Indian Societies* (London: Oxford University Press, 1972).

1960's. (Suriname became independent from the Netherlands in 1975.) The third and most populated grouping is that of Haiti, which became independent in 1804 after the only successful slave revolt in history; the Dominican Republic, which gained its independence first by expelling Haitian occupation forcés in 1844 and the separating by negotiation from Spain in 1865; and Cuba, whose independence came after war with Spain and United States occupation in 1902. The countries in each grouping have distinct political systems, economies, and cultural experiences. These differences post formidable barriers to regional cooperation.

Why has decolonization paused or been interrupted in the Caribbean? During recent years small islands with populations of 50,000 or less have learned the advantages of continued dependency. While receiving extensive subsidies from Britain, France or the Netherlands, they have converted dependency into an asset. This has been done by offering tax-free offshore havens for banks and companies, and by enticing hotel and tourism investments. Statisticians are recording impressively high rates of economic growth on islands where a few investments can make a difference.

Attaching smaller islands to nearby independent states or organizing them into multi-island federations is causing problems. The six-island Netherlands Antilles Federation has encountered severe internal difficulties. Aruba, with a population of 85,000, has announced it will become independent in 1995 after a series of disputes with larger Curacao. It has been promised technical assistance and crude oil for its refinery by Venezuela. The other Netherlands Antillean states have few complaints about their largely autonomous relations with the Netherlands but find it hard to get along with one another.

The prospects, then, are that a dozen or more small Caribbean islands will remain dependent into the twenty-first century. Their ability to convert political dependency, proximity to North America, and small size into assets is growing rapidly. There are few signs of nationalist or pro-independence movements in these islands except where there is pressure for disassociation from a disliked neighbor (the case of Aruba). The housing and investment booms in these small states are attracting migrant labor from nearby islands. The ability to control migration and citizenship may generate demands for more autonomy.

The French dependencies in the Caribbean face

³Frank Schwarzbeck, "Recycling a Forgotten Colony," *Caribbean Review*, vol. 12, no. 2 (Spring, 1984), pp. 22-25.

⁴Scott B. MacDonald and Albert Gastmann, "The French Antilles in the 1980's," *Caribbean Review*, vol. 12, no. 2 (Spring, 1984), pp. 18-21.

a different situation. Guadeloupe and Martinique have been French overseas departments since 1946; their residents are French citizens with full rights. French Guiana, a huge underpopulated area in northern South America, is an overseas territory subject to more administrative control from Paris but its 80,000 heterogeneous residents are also French citizens.

France seems determined to retain French Guiana, once the site of the Devil's Island penal colony and long an expensive economic failure. The establishment of the Kourou rocket site has made the territory a first-class asset. Its equatorial location gives France an edge in the highly competitive world of space launches. The European Space Agency has helped to absorb some of the costs of infrastructure and has given France and Europe an important lead in the global commercial space race.

The impact of a twenty-first century space complex and city on a backward, discontented and isolated colonial society has been problematic.³ Demands for autonomy or even independence conflict with the recognition that France has taken a sustained interest in French Guiana only because of Kourou. The money spent on improving educational and social services may result in French Guiana increasing migration to metropolitan France, which sends technicians to Kourou.

Together or separately, the islands of Guadeloupe and Martinique, with populations of about 400,000 each and 100 miles apart, may be viable candidates for independence. However, their economies are totally dependent on French subsidies and preferential access for pineapples, rum and other products to the French and European Community markets. As French citizens, French Antilleans enjoy limited access to the Metropole and Air France subsidized air fares. An estimated 200,000 Antilleans are living in metropolitan France, with better jobs than North Africans because of their French education and citizenship.

There are significant political differences between the two islands but historically each has asserted and voted its desire to remain French while increasing local autonomy.⁴ Pro-independence movements, often drawing on Antilleans living in metropolitan France, have not been able successfully to challenge traditional political elites at the polls. A wave of pro-independence terrorism in Paris and Guadeloupe in 1983-1984 was quickly suppressed.

Puerto Rico's unique Commonwealth status has stood the test of time since 1952. Independence supporters have been unable to win more than 10 percent of the vote in hotly contested Puerto Rican elections. The advantages of United States citizenship, participation in many United States federal government programs, tax autonomy and duty-free

access to the United States market are widely appreciated. In spite of economic stagnation in recent years and growing dependence on United States transfer payments, Puerto Rico has the most diversified economy and the largest middle class in the region.

Beneath the perennial issue of the political status of Puerto Rico lies a hard core of cultural nationalism. In 1988, Puerto Rico sent its own Olympic Team to Seoul, as it did to the Pan-American Games. Deeply divided over relations with the United States, Puerto Ricans retain ties to the 1.5 million people of Puerto Rican origin who live in the United States.

POLITICAL DEMOCRACY

The track record of political democracy after independence is dismal in most of the recently decolonized world. One-party states, personal despotisms and military rule have proliferated. The West Indies is the remarkable exception. Since independence, 11 of the 13 former West Indian British colonies have continuously operated political democracies. Not only have there been open, contested elections but opposition parties have been allowed to take power in Barbados, Belize, Jamaica, Trinidad and Tobago, St. Lucia, St. Vincent, Dominica, and St. Kitts. The press has been free and often highly critical. Radio and television, in spite of extensive government control, have refrained from monopoly views. Most important, the judiciary has been largely independent.

What is even more remarkable about the post-independence survival of parliamentary democracy in the West Indies is that it has occurred in the absence of economic growth. Since independence, only Barbados and Antigua have shown consistent long-term economic growth with appreciable improvements in standards of living. Other countries either have seen their economies regress or have barely kept pace with population increases. Rising expectations have been partly fulfilled by emigration. Rising frustrations have not been expressed through rejection of the democratic process.

The consolidation of political democracy in the Caribbean nations remains fragile. A country-by-country examination of the process, beginning with the political breakdowns, sheds light on the process.

From independence in 1974 to 1979, the island of Grenada was a satrapy run by a populist despot, Eric Gairy, the first trade union and nationalist leader. Although Grenada was nominally democratic, in practice Gairy and his party controlled all the electoral outcomes. When Maurice Bishop led a 1979 coup he could claim that only violence would

oust Gairy. Bishop's fatal mistake after seizing power was to reject elections and to rule through a single party. While internal party factions brought about his death, many Grenadans rejected Bishop for ending elections and violating the rule of law.

The United States military intervention in Grenada was followed by a return to parliamentary elections, a free press and multiple parties including Gairy's party. The economy has been dormant, but elections have been free and politics is open. The evidence suggests that most Grenadans are content even if the government is weak and divided.

Guyana came to independence with a population and political system deeply divided between blacks and persons of East Indian origin. The late Forbes Burnham dominated Guyanese politics until his death in 1985. His party manipulated elections, intimidated the press, nationalized much of the private sector where East Indians were predominant and generally monopolized power. Massive emigration by both races was one result when the economy deteriorated and political intimidation increased.

Since succeeding to the presidency on the death of Burnham, Desmond Hoyte has made cautious moves toward opening the economy and the polity. But the prospects for free and open elections are poor.⁵ Guyana is one country where parliamentary democracy did not take hold and has not been established in a racially divided society.

The Bahamas, with a population of 230,000 concentrated on two islands, presents another pattern. Lynden Pindling, leader of the party that demanded independence, has remained Prime Minister since the late 1960's. He has been subject to a formal investigation on charges of being involved in drug trafficking that rejected the evidence, although several former Cabinet ministers were charged. Since independence, the nation has had one party in power, but the opposition is active; its percentage of the total vote in 1986 was over 40 percent for the first time, and it runs a lively, critical press. The government stays in power through patronage politics on the smaller, less populated islands; it has revived its image as challenger to the wealthy establishment. The judiciary remains independent.

Belize is perhaps the outstanding example of how democracy can work in an ethnically plural society. Faced with the Guatemalan threat to its existence and the need for British troops, Belize has also been buffeted by Salvadoran refugees, drug trafficking and internal ethnic conflicts. Belizeans include persons of West Indian, Mexican, Guatemalan, black Carib, Maya Indian, and other origins. Former Prime Minister George Price dominated politics and elections for 25 years through careful coalition building. His party seemed to be invincible until the

⁵Festus Brotherson, Jr., "Guyana's Leadership Assessed," *Caribbean Contact*, August, 1988, p. 7.

1984 elections, when it was swept from office. The new Prime Minister, Manuel Esquivel, is a former high school science teacher who organized an antigovernment coalition of West Indians, Spanish speakers and others. Two-party government came to Belize with a vengeance. Belize is one of the few West Indian states where the leadership that brought the country to independence has been defeated at the polls. It remains to be seen whether political democracy can accommodate extensive ethnicity.

While there have been no outright breakdowns of political democracy in the independent Leewards and Windwards except for Grenada, there have been several close calls. Abortive coup attempts, intimidation by drug traffickers and sheer political rivalry intended to destroy the opposition have all occurred since independence. Deepening poverty has brought about political disillusionment. The inability of the politicians to deliver desperately needed jobs, investments, tourism, or external aid has been noted. The result has been skepticism, yet voter turnouts remain high and there is no shortage of candidates.⁶

The future of democracy in Grenada, Dominica, Antigua, St. Kitts, St. Vincent, and St. Lucia is far from assured. The lack of economic growth is undermining the authority of conservative leaders. Emigration remains the primary option for the young, and several islands have become remittance societies of the very young and the very old living on money sent from abroad. Formal democracy may mean little in societies like Antigua, dominated by the Bird family and its cronyism for several generations. Subregional cooperation can help but it too needs popular support.

Barbados is the West Indian and Caribbean success story. Since independence its economy has improved steadily to a per capita income of \$5,150 in 1986 for a population of 254,000. Democracy has flourished with a lively press, an independent judiciary and two fiercely competing political parties. A mature electorate and a strong political system have rebounded from the deaths in office of two outstanding leaders: Prime Minister Tom Adams in 1985, and Prime Minister Errol Barrow in 1987. Race relations, income distribution and the efficiency of public services all set regional standards.

The stellar performance by Barbados is the product of its singular colonial history and the high sense of civic identity of its people. But Barbadian circumstances are hardly exportable. What is relevant is the ability to switch from sugar to highly diversified manufacturing exports by attracting investment from abroad. Barbados has an intense two-

party system, with considerable consensus on key foreign and domestic policy issues. It provides leadership disproportionate to its size in regional and international organizations and represents moderation and pragmatism. It should be noted that both parties support a policy of nonalignment for Barbados and reject too close a dependence on the United States.

Trinidad and Tobago has improved its democratic performance in the midst of an economic shakedown. Dependent on petroleum for 80 percent of its revenue, Trinidad has gone from oil boom to bust with declining prices, loss of government revenue and a series of state enterprise bankruptcies. Economic mismanagement contributed in 1986 to the electoral defeat of the People's National party (PNP), in power since 1956.

The financial constraints that Trinidad experiences leave few economic options. The opposition came to power as an unwieldy coalition, which is showing severe signs of stress. Race relations between blacks and East Indians are tense. The voters wanted the PNP out after 30 years but it is not clear that the opposition has enough cohesion to provide a viable alternative.

Trinidad has been a country with free elections and a free press, where one party has always won. It is living through its first experience with the opposition in power. Whether it will become an effective two-party state like Barbados remains in doubt. The tensions of race and class in a declining economy make the formation of stable parties difficult. However, Trinidad has joined the ranks of those West Indian states where political power has been transferred through the ballot box rather than through the barrel of a gun.

Although Jamaica has experienced several ballot-box transfers of power since independence and has intense two-party competition, it has not consolidated democracy. One reason is that the economy declined by 1.4 percent between 1985 and 1986. A growing population of 2.4 million lives with declining incomes, gross social injustices, and constant exposure to North American standards of living, especially through Jamaican emigrants. The two political parties are deeply divided along ideological and personality lines, as is much of the electorate. While in office from 1971 to 1980, Prime Minister Michael Manley carried out antiprivate-sector economic policies, subsequently reversed by Prime Minister Edward Seaga, who won the 1980

(Continued on page 434)

Aaron Segal is the Florence J. Gould visiting scholar at the American College in Paris. His latest book is *Learning by Doing: Science and Technology in the Developing World* (Boulder: Westview Press, 1987).

⁶Alma Young and Dion Phillips, eds., *Militarization in the non-Hispanic Caribbean* (Boulder: Westview Press, 1986).

"In view of the failure of the Panamanian opposition and the Reagan administration to dislodge General [Manuel Antonio] Noriega. . . . [t]he prospects for a genuine democracy in Panama do not seem bright in either the short or the long term."

Panama's Defiant Noriega

BY STEVE C. ROPP

Professor of Political Science, University of Wyoming

PANAMANIANs will long remember the first week of March, 1988. Over the last weekend of February, ousted Panamanian President Eric Arturo Delvalle and his supporters in the United States government took a number of steps aimed at creating a massive liquidity crisis in Panama. On March 1, the observer of Panama City's street scene would have noticed little to indicate that these measures were having any effect. But by March 4, business activity had ground to a halt. The normally busy avenues of the capital were so deserted that it could have been a Sunday morning.

By March 14, retired public workers were taking to the streets to protest the government's inability to pay them. Economic pressure had increased; it was unclear whether Panama's strongman, General Manuel Antonio Noriega, would even be able to pay the members of his Defense Forces. United States Assistant Secretary of State Elliott Abrams declared that General Noriega was holding on to power "by his fingertips."¹

Three months later, the mood was not nearly so optimistic. Although massive damage had been done to the Panamanian economy, Noriega and his supporters had found ways to survive. Negotiations between the United States State Department and Noriega for the general's departure had broken down, and the administration of President Ronald Reagan began an agonizing reappraisal of its strategy to remove him. As the American presidential elections drew closer, United States officials became less and less willing to talk about what had become a major political embarrassment. As one press commentator noted, "What ever happened to Panama? For the American public, it has vanished into journalistic no man's land—just where the Reagan administration wants it."²

Why have United States policymakers failed so miserably in their attempt to dislodge Noriega? And what does the future hold for Panama?

Panama's political crisis was triggered in June, 1987. A high-ranking member of the Defense Forces (PDF) accused General Noriega of murder-

ing a prominent opposition leader and charged him with involvement in a variety of criminal activities, including rigging the 1984 presidential elections. The civilian opposition quickly organized as the National Civic Crusade and began to hold a series of protest marches. Eric Arturo Delvalle, Noriega's man in the presidency, supported the general and argued against any change in the military-dominated political system.

The United States backed the Civic Crusade, suggesting that it was time for Panama to join the ranks of Latin America's growing number of democracies. After a government-sponsored attack on the United States Embassy, both military aid and economic aid were suspended. Hearings conducted over the summer by the United States Senate Foreign Relations Subcommittee on Terrorism and Narcotics added fuel to the fire. General Noriega was accused of involvement in the money laundering activities of the Medellín drug cartel. A Miami grand jury began looking at evidence that would eventually lead to Noriega's indictment.

During the fall of 1987, broad fissures began to appear within Panama's governing coalition. The offices of Panamanian Vice President Roderick Esquivel were closed in October by members of the PDF while Esquivel was out of the country. A member of the Liberal party, Esquivel had been persona non grata to the military ever since he had called for investigation into the charges against Noriega in July.

The harassment and arrest of United States military personnel increased tensions between the United States and Panama. However, differences of opinion within the various United States foreign policy bureaucracies about Noriega prevented the development of a clear and coherent policy. The Defense Department and the Central Intelligence Agency (CIA) continued to argue that Noriega remained a valuable asset. State Department officials, recognizing the long-term political costs of continued association with the general, led efforts to remove him.

By December, several disturbing new developments appear to have convinced the Defense

¹*The New York Times*, May 30, 1988.

²*The Christian Science Monitor*, July 26, 1988.

Department and the CIA that General Noriega was no longer a valuable asset. A high-ranking Sandinista defector indicated that Noriega had offered to provide aid to the Salvadoran guerrillas through Nicaragua. Noriega was also reportedly in the process of renewing diplomatic relations with Libya.

As United States government agencies began to close ranks, Congress stepped up the pressure for Noriega's removal. The prohibition on economic or military assistance to Panama was extended through 1988, with President Reagan required to certify that the government was moving toward fair elections before aid could be renewed. In addition, Congress prohibited the importation of Panamanian sugar products, a move aimed at damaging the personal economic interests of President Delvalle.

In January, 1988, United States Assistant Secretary of Defense Richard Armitage traveled to Panama to urge General Noriega to step down. The terms proposed by Armitage were those contained in the so-called Blandón Plan, endorsed by Noriega himself in the fall of 1987. The general was to step down within three months so that democratic elections could be held; in exchange for his resignation, Noriega would be released from pending drug indictments in the United States.

The Armitage mission was an important turning point in United States relations with Noriega because it represented the successful culmination of an effort to achieve interagency consensus on policy. It has been likened to Utah Republican Senator Paul Laxalt's trip to the Philippines at the behest of President Reagan, which nudged Philippine President Ferdinand Marcos toward free elections in the Philippines. Although Noriega attempted to suggest to his fellow officers that his talks with Assistant Secretary Armitage signaled continuing United States support of the Noriega regime, Secretary of State George Shultz's remarks the following week left little doubt as to the visit's real intent. Secretary Shultz pointedly called on General Noriega to "step back" from power.

In early February, the Miami grand jury concluded its deliberations, handing down a 30-page indictment. The indictment charged Noriega with aiding the Medellín drug cartel through money laundering and protection of cartel members temporarily living in Panama. The indictment reverberated loudly in Panama and the United States because its release coincided with sensational testimony before the Senate Subcommittee on Terrorism and Narcotics. José Blandón, a former chief of Panamanian political intelligence, charged that

Noriega had helped Lieutenant Colonel Oliver North train the Nicaraguan contras and that Noriega regularly received dossiers from the CIA on prominent United States politicians.³

As the crisis intensified, President Delvalle became disenchanted with his role as a civilian defender of the military dictatorship. Increasingly, decisions were being made by the military in Delvalle's name. In mid-February, Delvalle met with Elliott Abrams in Miami to discuss the crisis. Abrams reportedly suggested to Delvalle that he fly back to Washington with Abrams and telephone Noriega to urge him to retire in exchange for the dropping of the indictments.

Instead, Delvalle returned to Panama. On February 25, he dismissed General Noriega and replaced him with the military chief of staff. At 1:10 A.M. on February 26, the military-dominated National Assembly met, and within ten minutes both the President and the Vice President had been removed from office. Delvalle was replaced, as the Panamanian constitution requires, by Cabinet Minister Manuel Solís Palma.

Delvalle's removal as President and his subsequent activities brought the crisis to a head. He became Panama's "President-in-Hiding," taking up residence at an undisclosed location on the isthmus. His first act was to issue a proclamation freezing all Panamanian assets outside the country. In a well-orchestrated series of moves, the State Department backed Delvalle's proclamation by advising United States banks holding Panamanian assets that they would be in violation of the law if they released those funds to the government of President Solís Palma. Panama's economy went into a tailspin because the National Bank was unable to provide United States dollars to associated private banks, and on March 4 the government ordered the closing of all banks until liquidity could be restored.

By the middle of March, these measures and additional actions taken by the Reagan administration had apparently undermined Noriega's position. On March 16, dissident officers launched a failed coup. Strikes by dock, hospital and electricity workers forced the military temporarily to administer various public facilities. The National Civic Crusade mounted street demonstrations and the United States sent an additional 1,300 troops to the isthmus.

In spite of these developments, Noriega was still in power at the end of March. His financial problems had been partially solved by tax payments from United States corporations, funds from sympathetic governments and drug profits. Although President Reagan invoked the International Emergency Economic Powers Act in early April to stop tax payments from United States corporations, the

³Training of the contras in Panama has never been fully documented. It is believed to have taken place at the PDF-run Panajungla School on the Teribe River near the Costa Rican border.

Panamanian government managed to survive.

In May, the State Department again raised the possibility of a deal with Noriega that would involve dropping the indictments and allowing Noriega to remain in Panama in exchange for his stepping down as commander-in-chief. Although the precise terms of the deal were not disclosed, its general terms leaked out. Fissures developed in the Reagan administration over the proper course of action. The American public was outraged by efforts to build Noriega a "golden bridge"; a deal with Noriega was also strongly opposed by a bipartisan coalition in Congress.

These negotiations were unsuccessful. Not only did General Noriega remain in power, but he apparently strengthened his position. The Panamanian opposition was completely demoralized and believed itself betrayed by a United States government that seemed to lack the will and the wisdom to change events. Although President Reagan prepared a "finding" in July that asked the CIA to develop a covert plan to oust Noriega, few in Panama or the United States believed that this represented a serious initiative.

WHY NORIEGA SURVIVED

General Noriega's ability to remain in power despite the events of the past year can be partially attributed to his skill in consolidating his domestic and international support base. Most important in this regard was Noriega's consolidation of his position in the Defense Forces after the aborted coup of March 16, 1988. Not only did Noriega put down the rebellion with considerable ease, but he was also able to use it to bolster his reputation as a man whose influence penetrated all corners of the military establishment.

Noriega formed a new Strategic Military Council in May to deal with his general staff. This 20-member body was authorized to "carry out investigations and inspections pertaining to crimes of treason against the state's integrity committed by Defense Forces members."⁴ This was a clear signal to Noriega's top brass that officials had better be loyal.

Another critical element in Noriega's survival strategy involved strengthening the role of his personal allies in the government bureaucracy. The number of Cabinet ministries controlled by the military-dominated Democratic Revolutionary party (PRD) was increased. Noriega also strengthened his sagging international support base by asking regional governments to sympathize with his plight. Before 1988, he had relied on the Israelis to train his personal bodyguard in exchange for intelligence information on PLO (Palestine Libera-

tion Organization) activities in Central America. When United States pressure induced the Israelis to leave Panama, Noriega turned to the Cubans. Cuba reportedly provided him with a contingent of between 30 and 50 people, variously described as trainers, advisers, or crisis-management personnel. They not only helped provide for Noriega's personal security but also gave him advice about the training of the so-called Dignity Battalions, paramilitary units that enhanced this response capacity.

The Soviet Union generally remained aloof from the crisis although Soviet weapons were apparently flown to Panama via Cuba after the March coup attempt. Support also came from Mexico, which provided Panama with oil under terms of the San José Agreement (no advance payment required and low interest rates). Mexico's motivation for supporting Noriega was opposition to United States intervention in hemispheric affairs, coupled with anger at charges that Mexico was not cooperating in the United States war against drugs.

General Noriega's position was also strengthened by the inability of the civilian opposition to mobilize effectively. After agreeing in early March, 1988, to work toward the formation of a government of national reconciliation, the opposition soon split over personal and ideological differences. Of primary importance was the intransigence of Panameñista party head Arnulfo Arias, who led the party until his death in August.

The Panamanian opposition was not only fragmented; it was also demoralized by the failure of the United States economic sanctions. Since expectations had been so high, the mood of the opposition turned to intense bitterness when Noriega remained in power. The United States was blamed by the opposition for a failure of nerve and judgment. Resentment was coupled with a feeling that all remaining energy was needed for personal survival.

General Noriega's ability to sustain his position was also in part the result of his success in discrediting the Catholic Church. Although the Church had begun to adopt a more activist political stance in March, it was never able to persuade the opposition groups to cooperate. Archbishop Marcos McGrath was pictured in the government-controlled press as a representative of United States interests. And the fact that approximately 70 percent of the country's 300 priests were foreign-born meant that they were vulnerable to deportation by the government.

ECONOMIC COLLAPSE

The Panamanian economy has not been particularly strong for more than a decade, but compared with other Latin American countries, it has performed well. During the early 1980's, Panama was one of only three Central American countries to

⁴Foreign Broadcast Information Service, *Latin America: Daily Report*, May 16, 1988, p. 28 (hereafter cited as FBIS).

experience a positive rate of economic growth. This was largely due to the continued dynamism of service sector activities associated with the banking center, the Panama Canal and the Colón Free Zone. Service sector growth offset lagging growth rates in areas like agriculture and industry.

This pattern of positive growth began to change with the deepening political crisis in 1987 and 1988. Banking was particularly depressed because the international community began to doubt Panama's long-term stability. Foreign deposits were estimated to have dropped from \$20 billion in December, 1987, to only \$7.5 billion in June, 1988. Approximately 25 percent of the workers in the banking sector were laid off, and there were increasing signs that foreign deposits may have been permanently moved to other financial centers.⁵ Panama's overall economic growth rate rose slightly, from 2.8 percent in 1986 to 2.9 percent in 1987, but the increase was not nearly enough to allow for the absorption of new workers.⁶

During 1988, there was an even more dramatic decline in the performance of the economy because of the Reagan administration's decision to freeze all Panamanian assets in United States banks. Estimates for the first half of 1988 suggest a 10 to 15 percent decline in the gross national product (GNP) and an unemployment rate approaching 25 percent.⁷ During March, April, and May, 14,000 workers in the private sector were laid off. In a poll of Panamanian businessmen, half of those polled believed that they would have to close their operations before the end of the year.

In the public sector, economic conditions were no better. Central government revenues for 1988 were projected as being between \$500 million and \$700 million, down from roughly \$1 billion in 1987. A trial balloon floated by the Planning Ministry in June suggested that 28,000 government jobs (out of 130,000) might have to be eliminated and that cuts would have to be made in the salaries of those who remained. There was also pressure to reduce the number of "botellas," phantom jobs for which workers were paid without performing any services.

Despite these economic problems, the Noriega regime managed to remain in power. This was possible, in part, because of the continued flow of United States dollars into the Panamanian economy. The largest source of funds was the \$40 million per month that the United States government delivered to its United States and Panamanian

employees in the Canal area. In addition, businessmen who held cash assets in the United States were able to smuggle some of their assets into Panama to cover their economic shortfalls. The Panamanian government also engaged in its own form of "creative financing," encouraging the use of government checks rather than cash to pay taxes and utility bills. Finally, as part of a tradition dating back to colonial times, those who were not able to find jobs in Panama City temporarily returned to the land.⁸

Public support of the regime continued to erode during 1988 because of the financial crisis. But the blame for Panama's economic problems has been divided between the dictatorship and the United States. Noriega and his close associates were insulated from the economic crisis by their lucrative drug activities; some distressed businesses were purchased by PDF associates at rock-bottom prices. By August, it had become clear that Noriega's ability to spread the blame for economic decline and the partial restoration of economic liquidity had given his faltering regime a temporary reprieve.

HOPES FOR DEMOCRACY

Most accounts of the United States attempt to dislodge General Noriega have stressed two reasons for the Reagan administration's failure: disagreements among key foreign policy agencies that frequently prevented implementation of a coherent strategy; and the choice of the wrong instrument, economic sanctions, when agreement was finally reached.⁹ Although these two factors are important in explaining the Noriega fiasco, the Panamanian political situation was also an important factor. United States policy failed because the strength of the opposition to Noriega was overestimated and Noriega's ability to survive was underestimated. While the unity of the opposition vanished in the wake of regime blandishments, Noriega and his supporters consolidated their grip on the Defense Forces and the government.

The Reagan administration's tendency to misread or ignore Panama's domestic realities was the result of overconfidence stemming from false perceptions of past foreign policy successes. Although the administration believed that it had overthrown both a dictator and his government in the Philippines, it had merely helped a strong opposition topple a weak leader. Where it had nudged a dictator aside but had not changed his military government

(Continued on page 431)

⁵*Miami Herald*, July 11, 1988.

⁶*Latin American Weekly Report*, February 4, 1988.

⁷*Miami Herald*, July 11, 1988.

⁸*The Christian Science Monitor*, May 26, 1988.

⁹For example see Robert Pear and Neil A. Lewis, "The Noriega Fiasco: What Went Wrong," *The New York Times*, May 30, 1988.

Steve C. Ropp is the author of *Panamanian Politics* (New York: Praeger, 1982) and the coeditor, with James A. Morris, of *Central America: Crisis and Adaptation* (Albuquerque: University of New Mexico Press, 1984).

"Underlying the strategy devised in 1980 for the survival of the government of El Salvador was the notion that military force could prevent revolutionary change and buy time for democratic roots to take hold. . . . In 1988, the domestic and international environments seem to favor . . . a moderate and reasonably democratic system in El Salvador."

Democratic Consolidation in El Salvador

By JOSÉ Z. GARCÍA

Professor of Political Science, New Mexico State University

THE Duarte years have come to an end. President José Napoleón Duarte was prevented by the constitution from running a second time. Presidential elections are scheduled for March, 1989. The electoral outcome is important not only because it will determine the person and party to lead the country during the next five years but also because the milieu in which these elections take place—the extent of participation by the left, whether they help build a national consensus and clarify major policy issues, whether the guerrillas will try to disrupt them, and soon—will to a significant extent determine the agenda facing the new President. And because of the coincidence in timing, the electoral climate will inevitably provide a backdrop against which new policymakers will reevaluate United States policy toward El Salvador.

Nearly everyone understands that the regime is at a crossroads. A new United States administration will take office in 1989. It will inevitably reevaluate existing United States policies toward El Salvador, probably in a climate of debate and public scrutiny. Policy adjustments are to be expected. Since United States funding levels for El Salvador have been high, whatever adjustments may be made will potentially affect the military capabilities of the government, the levels and priorities of United States economic assistance, and the specific conditions under which aid is extended and administered. These decisions, in turn, will affect the way in which domestic actors including the guerrillas will play their cards.

The outcome of regional peace negotiations and the overall climate of international opinion on Central America have potential Salvadoran domestic implications. The United States Congress justified the first aid package to the Nicaraguan contras as a means of stopping the flow of weapons from the Sandinista government to the leftist rebels in El Salvador, the Farabundi Martí Front of National Liberation (FMLN). Although the magnitudes of such assistance were the subject of some controversy, since then the roles of guerrillas in both coun-

tries have been viewed as structurally parallel (while ideologically opposite) but as linked militarily to the governments next door. The 1986 Hasenfus affair completed the link when it became clear that the Salvadoran armed forces were aiding the contra cause.*

Because of this parallelism a sudden shift in regional winds occasioned, say, by a cessation of hostilities between the United States and the Nicaraguan government might have important Salvadoran implications far beyond the military impact of an agreement by the Sandinista government not to aid the Salvadoran guerrillas. The Esquipulas Accords clearly point in the direction of a regional deescalation of aid given to the contras and to the leftist guerrillas in El Salvador. It is conceivable that a deal could be made in which the United States would deny further assistance to the contras in return for specific agreements that would isolate the FMLN. While this might not have strong immediate military consequences (not many believe Sandinista aid to the FMLN is decisive), an increase in international opprobrium toward the guerrillas in El Salvador could have an impact on the domestic political support base of the guerrillas.

The recent decision of the Democratic Revolutionary Front (FDR) (the political allies of the FMLN) to participate in the 1989 presidential elections could also isolate the guerrillas domestically. Although Salvadorans on all sides will certainly have some voice in these matters in future negotiations, to some extent the relative fate of various actors in El Salvador is affected by decisions made within a regional context.

POLITICS AND MILITARY FORCE

Military force—under the complex circumstances in which it has been employed by each side—has had the effect of driving the extremes of right and left toward the middle. United States policymakers under congressional pressure have used military force both as a carrot and as a stick in this endeavor. For the intransigent right wing, military assistance was in part a carrot—it prevented a vic-

*See *Current History*, December, 1986, p. 441.

tory by left-wing guerrillas—and in part a stick—the threat of a suspension of aid forced the right to accept policy reforms. The extent to which the right has become committed to change in the desired direction is a subject of controversy, but in some ways the question is moot: the strengthening of the state's capacity to enact autonomous policy and internal electoral and external assistance patterns make it difficult for the right to dominate politics again as it did a decade ago. Some movement of the system toward the center is already taking place.

Guerrilla military action also drives participants toward the center. Guerrilla weapons and the rather wide range of support obviously available to the FMLN made it clear to reformists (like President Duarte) that they needed more than mere window-dressing, and sooner rather than later. Without this pressure it is highly unlikely that the alliance of forces opposing the guerrillas would have been quite as serious about long-term reform.

At the same time, the antidemocratic character of the left wing FMLN forced democratic groups within the FDR to contemplate eventual electoral reconciliation with reformists on the right. FDR leaders Guillermo Ungo and Ruben Zamora were close political associates of President Duarte only 15 years ago. The schism between them, which started the civil war in 1980, may well be on its way to resolution. If so, then only the FMLN and the most undemocratic elements on the far right will remain outside the regime.

From the beginning, guerrilla strategists have been suspicious of democratic and policy reforms, fearing that these would co-opt enough of the masses—who in 1979 seemed ready to join the guerrilla cause against the death-squadding, reactionary and fraudulently elected government—to thwart their own efforts to take power. The guerrilla movement's ability to survive United States President Ronald Reagan's administration depended in part on the failure of government reform: the greater the government's success the more problematic the guerrilla movement's *raison d'être* and potential base of support at home and abroad.

At first, the FMLN tried to amass enough military strength to overthrow the government. When tactical improvements within the Salvadoran armed forces seemed to preclude any chance of a military victory by 1985, guerrillas began to concentrate their attention on exploiting political weak-

nesses in the regime.¹ If the effort to enact democratic reform could not in the short run be overthrown by force of arms, in the long run it might be undermined if guerrillas could help ensure that neither democracy nor reform would succeed.

Guerrilla military action has thus gradually shifted from military to civilian targets. One major target has been the nation's economic infrastructure. Guerrillas have destroyed bridges, locomotives, electrical facilities, export crops, and the like. They have forced transportation stoppages, which have impeded national economic production to a significant extent. In all, it is estimated that guerrilla damage to the economy since 1980 has totaled more than \$2 billion, nearly the total amount of United States economic assistance during the same period. Economic destruction serves as a constant reminder to the public that there is still a war going on; indeed, guerrillas have used statistics of the destruction they have wrought as evidence that they are winning the war outright.

The electoral process is another target of guerrilla action. During the March, 1988, legislative and municipal elections, for example, guerrillas seized and burned voting cards in various villages; they took credit for blowing up a delivery truck and an office owned by two leading members of the Christian Democratic party. They also timed their second 1988 national transportation stoppage—of three days—to coincide with the elections. During the first stoppage of the year, in February, guerrillas bombed and machine-gunned civilian buses and three gasoline stations to prove they intended to enforce the ban. Four civilians were killed. On the night before the elections, guerrillas set off six bombs in San Salvador, attacked outlying villages, and blew up electric lines, cutting energy to an estimated 80 percent of the country. When voter turnout rates were lower than they had been in 1985, guerrilla commanders argued this was proof the regime was losing legitimacy.²

Guerrillas also tried to sabotage portions of the agrarian reform program during the early 1980's. More recently, they have tried to manipulate sympathetic sectors in the labor movement against the government and have begun to place mines along paths used by civilians as well as soldiers, resulting in an increase in civilian maimings. Their initial response to the signature of the Esquipulas Accords in August, 1987, was to state that they would never be party to agreements made without their participation. But in the local and global battle for hearts and minds, these actions have cost the guerrillas dearly. Church leaders now denounce guerrilla destruction as strenuously as they denounce the sins of the extremists on the right. In short, the burden of responsibility for human rights abuse is

¹For background information on the political activities of the guerrillas, see José Z. García, "El Salvador: Legitimizing the Government," *Current History*, March, 1985.

²Douglas Farah, "Salvadoran Rebels Target March Vote," *Washington Post*, January 13, 1988; James LeMoyné, "As Salvadoran Vote Nears, Political Killings Increase," *The New York Times*, February 29, 1988.

no longer monopolized by the right. Both extremes are viewed as wrong.³

A REPRESENTATIVE PARTY SYSTEM

But important as guerrilla attacks on elections and the economy might be in describing the current context of Salvadoran politics, they should be viewed largely as malicious mischief, and as symptoms, not determinants. History will judge the reformist effort in El Salvador not so much by the success or failure of sabotage but rather by the successes and failures of those who made the democratizing effort. Although the verdict so far is positive in many ways, there have been major problems in building a representative system.

The basic problem is that the left of the political spectrum has not participated in party politics since the new regime was established. Most of what might be termed the democratic left joined the guerrillas—whose ideologies reject the validity of elections under capitalist conditions—in 1980, when they concluded that the chances that democratic reformism would succeed were not high enough to warrant the effort. This began the civil war. Since then, no party has represented the large number of groups in the center-left. Surely the most significant development in El Salvador in 1988, if not during the past five years, is the decision made by the FDR to form a coalition and contest the 1989 presidential elections.

In recent years, the FDR has been cross-pressured because it is an openly democratic group allied with an openly nondemocratic guerrilla organization. As the government of El Salvador improved its performance on human rights and demonstrated some commitment to democratic reforms through several electoral episodes, these tensions increased. On the one hand, political realism suggested that the democratic left's program would most likely become reality if its leaders would acknowledge government success and join the electoral fray. On the other hand, to do so would betray their guerrilla allies, whose weapons had kept their hopes alive—and put constant pressure on the government to continue reform—for more than five years. Compounding this tension, to remain attached to the guerrillas would deny the government a valuable legitimacy (a democratic system without the participation of the left is flawed) and would thereby keep guerrilla hopes of eventual victory alive.

As the death squad tolls went down, as the regime legitimized itself through several rounds of elections, as government reform continued, the alliance between the nondemocratic FMLN guerrillas and the democratic left in the FDR became increasingly difficult to justify. Even government ineptitude must have been a source of tension for FDR leaders; on the one hand, to some extent it vindicated the oppositional status of the FDR; on the other hand, the tantalizing possibility that the FDR might do better, that instead of playing the role of “spoiler” it could play a more normal democratic role from the inside, must have been tempting.

Just how to find a face-saving means of returning the democratic left to electoral participation has been the most vexing problem in concluding the war. Unilateral action on the part of the democratic left would surely be seen by the FMLN as betrayal. The armed forces were openly resentful at the suggestion that they should stand by to enable their erstwhile enemies to vie for votes while guerrilla sabotage continued. In the right wing, death squadding increased. Perhaps it was to appease the right that President Duarte in 1988 insisted that returning leaders of the democratic left must publicly renounce the guerrilla cause as a condition for electoral participation, a posture criticized by Church leaders for its insensitivity to a serious problem.

In spite of these difficulties, several top leaders (including Guillermo Ungo and Ruben Zamora) of the FDR have returned to El Salvador to create the “Convergencia Democratica,” an alliance of three left-of-center parties. They did not participate in the 1988 legislative and municipal elections (guerrilla commanders openly discouraged this), but in late July, 1988, after a top-level strategy meeting in Managua, FMLN leader Joaquin Villalobos declared that the guerrillas would not oppose the participation of the Convergencia in the 1989 presidential elections. The guerrilla war, however, will go on. Villalobos indicated he would pursue a parallel policy of negotiations to end the guerrilla war (through the Esquipulas Accords), but he would continue the insurrection.⁴

Presumably, the continuation of guerrilla war will serve as independent pressure on the government to ensure that the democratic left obtains fair treatment in its bids for votes, while at the same time guerrillas will try to extract concessions for themselves at the negotiating table. In the regional context, the guerrillas may be structurally parallel to the contras but their vast superiority as a fighting force (and their stronger support base) dwarfs the contras and they evidently feel that their continuation as a more credible threat will be useful within the Esquipulas framework. It is beginning to seem that the historical value of Esquipulas will be to rob

³For example, Auxiliary Bishop Monsignor Gregorio Rosa Chavez criticized the guerrillas on July 3, 1988, for damage to the electrical system. Foreign Broadcast Information Service, *Latin American Daily Report*, July 6, 1988.

⁴Douglas Farah, “El Salvador: Rebel Front Shifts Stands,” *Washington Post*, July 26, 1988.

both the FMLN and the contras of legitimacy. While problems in getting democracy to "take" remain in both countries, the Esquipulas bias lies in the clear notion that the presence of guerrillas in each country hinders this widely shared goal of electoral democracy.

FDR participation in the elections in 1989—an implicit act of loyalty to the regime—changes the character of the conflict profoundly, reducing it from the status of civil war to that of a guerrilla insurgency. While FDR leaders can argue in favor of a policy of concessions to the guerrillas, once they have run for election they can hardly continue to side with the FMLN as an insurgent force. And the greater the distance between the FMLN and the FDR, the more difficult it will be for the guerrillas to obtain sympathy from democratic sources inside or outside the country. Realistically, unless the FMLN military position improves significantly over the next few months, the Managua declaration constitutes the first announcement of a phased withdrawal of the guerrillas from the war.

An end to the civil war on terms largely favorable to the government—or a reduction of the conflict to the status of an armed insurgency—in no way implies capitulation to the right wing. The left has enormous potential in electoral politics. Of the respondents in a recent poll, 79 percent indicated they did not feel adequately represented by either of the two major parties, and yet voter turnout rates are well above 50 percent. Salvadorans are compulsive organizers; virtually no sector of the society remains unmobilized, including most sectors of the labor movement. The left could continue to strengthen the nation's labor movement from inside (as it has from outside), within the framework of party politics, while making policy contributions to resolve the country's political, economic and social problems.

In the center and on the right of the partisan spectrum, there are several new developments. First, the ruling Christian Democratic party has been discredited to an extraordinary degree by growing concern about the corruption of high officials and a sense that the party has lost its dynamism. Scandals uncovered during the 1988 legislative campaign may well have cost the party its absolute control over the legislature and almost certainly were responsible for the loss of the mayorship of San Salvador (the first time in 24 years a Christian Democrat has not been elected to this post) when the candidate (President Duarte's son Alejandro) was implicated in protecting the alleged corruption of an official. The party image was not enhanced in the aftermath of this defeat, when an acrimonious fight between two top-contending candidates for the presidential nomination broke out. It is unclear that

the winner, the popular Fidel Chavez Mena, can hold the party together to win the presidential elections of March, 1989. Guerrillas have launched an interesting propaganda campaign aimed at rank-and-file Christian Democrats, who may be disillusioned with the party.

The guerrillas apparently concluded that their position would be enhanced in 1988 with a victory by the right-wing ARENA (National Republic Alliance) party, whose erstwhile leader, Roberto D'Aubuisson, is thought by many to be implicated in many death squad assassinations during the early 1980's. Captured documents suggested that the guerrillas believed an ARENA victory would undermine the case for United States assistance in Congress and create policy disarray during the crucial months before the 1989 presidential elections. Although they deny any desire to participate in the nation's electoral politics, the guerrillas in fact have been participating in them in their own peculiar ways for some time now, a mute and optimistic indicator that they may be closer than is generally believed to reaching a settlement within the parameters of electoral politics.

The right-wing ARENA party, flush with victory after receiving fully half the legislative seats in the 1988 elections, has subsequently nominated Alfredo Cristiani as its 1989 presidential candidate. Cristiani emerged as leader of ARENA after efforts to purge the party of leaders thought to be implicated in human rights violations during the early 1980's. He argues that the problems facing the Duarte government have less to do with guerrilla intransigence than with inept distributional policies designed by Christian Democratic and United States officials during the desperate days of 1980, when it was thought that a guerrilla victory was imminent.

Cristiani believes that the collectivist structure of the agrarian reform is at the root of agrarian failure (agrarian production has fallen below prereform levels and El Salvador for the first time must import basic staples), since peasants are not motivated to increase levels of production when they do not own land and since they can be expelled from the cooperative for causes that sometimes mask personal vendettas. Further, state monopoly on the internal and external commercialization of coffee and mismanagement of the crop by government technicians must be stopped; planters must be paid market prices; and laws covering investment and export incentives must be revised. Whether Fidel Chavez;

(Continued on page 437)

José Z. García specializes in studies of Latin American military institutions. He has traveled nine times to El Salvador during the past nine years.

"The growing tensions between the Honduran people and the United States military call in to question the wisdom of the United States in maintaining such a high profile in Honduras. . . . Honduras, like several other Latin American nations, appears to be finding its identity in resentment against . . . the United States."

Politics and the Military in Honduras

BY THOMAS P. ANDERSON

Professor of History, Eastern Connecticut State University

HONDURAS is a country searching for a national identity. The essential Banana Republic, it has been noticed by the outside world, when it has been noticed at all, for its military strongmen, its bizarre politics, its poverty and its corruption. But the 1980's have brought change to Honduras and all Central America. In 1981, after almost two decades of military rule, Honduras drafted a constitution; it then held elections for a President and Congress in November, 1981, and did the same in November, 1985, when José Azcona Hoyo was chosen to succeed his fellow Liberal party member, Roberto Suazo Córdova.

But behind the scenes, the military continued to rule through the Superior Council of the Armed Forces and its chief. Sometimes the chief of the armed forces has acted in a high-handed fashion, as was the case with General Gustavo Alvarez Martínez, deposed by his fellow officers in 1984. The current armed forces chief, General Humberto Regalado Hernández, maintains a lower profile but remains a major actor in Honduran politics. Another major political actor is the United States, which has maintained a heavy military presence in Honduras during the 1980's; its presence has begun to stir national resentment.

Two major parties dominate the political scene: the Liberal party (PL) and the National party (PN). Small parties like the Christian Democrats (PDCH) and Innovation and Unity (PINU) cannot attract more than five percent of the vote. But the major parties are far from united internally. Factions abound, and party squabbles were so intense that neither the PL nor the PN could choose a candidate for the 1985 election. For that reason, the election was also considered a primary. The party with the most votes would win the election, and the winning candidate within that party would be President. Rafael Callejas of the PN led all candidates with 42

percent of the vote; however, since the PN candidates won slightly less than all PL candidates, José Azcona became President, although only 25 percent of the electorate preferred him.

After that election, a pact of unity was signed between the leaders of the two parties; this gave the PN a majority on the Supreme Court and a share in the leadership of the unicameral Congress. Callejas, who had come to dominate the PN, denounced the pact in January, 1987, but it continued informally until he denounced it a second time in December, 1987. None of the PN leaders actually resigned from the posts allotted to them, and it was thought that the PN was simply trying to distance itself from the failure of the government.¹

While Callejas had at least temporary control of the Nationals, the Liberals continued to quarrel. One of the more important leaders of the PL is Carlos Flores Facussé, who represents the progressive business community. In an internal PL election of September, 1987, he became the precandidate of the party for the presidential elections to be held at the end of 1989, beating Congress President Carlos Montoya, who had the support of President Azcona. But that does not necessarily mean that Flores will be the actual candidate. A Liberal party convention was held in early July, 1988, in San Pedro Sula, and a curious alliance was negotiated between Flores and Jorge Arturo Reina, head of the most leftist faction of the party, which is generally considered hostile to business interests. By this pact, Reina appeared to give up his own presidential aspirations in favor of Flores, a move that appeared to annoy Montoya, because it further dimmed his own hopes.² The election, however, is about a year away and much could happen, and almost undoubtedly will, given the volatile nature of Honduran politics.

The two major parties are well aware of this political volatility. The PL and the PN persuaded the National Election Tribunal to call off the municipal elections scheduled for November, 1987, much to the annoyance of the PDCH and PINU,

¹Richard Millett, "The Honduran Dilemma," *Current History*, vol. 86, no. 524 (December, 1987), p. 409. *Central America Report* (Guatemala), January 8, 1988.

²*Central America Report*, July 1 and July 22, 1988.

because the major parties feared that these elections might heat the political atmosphere too much.³

THE ECONOMY

Early in 1988, President Azcona gave a two-year report on the state of the economy in which he spoke in glowing terms of the economic situation. Azcona claimed that the gross domestic product (GDP) had risen 4.2 percent in 1987, after a modest rise in 1986. He boasted of an inflation rate of only 2.5 percent, the lowest in Latin America. He pointed out the stability of the national currency (the lempira) and a reduction in the budget deficit.

Unfortunately, many of his claims were cloudy. The newspaper *El Heraldo* pointed out that on a per capita basis, the GDP had actually declined.⁴ It was further noted that 25 percent of the work force remained unemployed, and at least that many more were underemployed, while the country remained starved for foreign investments. Further, despite being tagged as "the year of exports," 1987 had not been a good year because of falling prices for coffee and sugar. A later estimate showed that Azcona had also underestimated the 1987 deficit and that the deficit stood at \$461 million.

Despite the fragility of the economy, the government projected that its spending in 1988 would be 31 percent higher than its expected income, and that military spending would be up 10 percent.⁵ This increase in spending, of course, would not be possible without massive assistance from the United States, which was supporting the Honduran regime with large amounts of military aid, and loans to the civil government that averaged about \$80 million a year. The weak economy underscored Honduran dependence on the United States. However, the United States would probably not be so interested in helping Honduras if the North American quarrel with Nicaragua were resolved. Thus, at some future date, Honduras would have to begin to live within its means.

During the first half of 1988, the fragile nature of the economy was illustrated once again by the sharp fall in foreign currency reserves. Like the 1987 problem, the 1988 problem was the falling price of the agricultural products on which Honduras depends. As foreign reserves dwindled, the government began to talk of suspending payment on the foreign debt, while the International Monetary Fund pressured the government to institute austerity measures and new taxes.

The Azcona government responded by proposing a stiff tax on luxury imports and a five percent tax on many common consumer items. As it inevitably has done when faced with a financial crisis, the government again threatened to sell off unprofitable state enterprises, a financially sound but politically difficult undertaking. But no matter what course Honduras pursues, it remains the poorest country in North America and one of the poorest in the Americas.⁶

HUMAN RIGHTS

Despite its poverty and its history of military governments and coups, Honduras has always bragged that it does not suffer the systematic abuses of human rights that plague neighboring Guatemala and El Salvador. The truth, however, is that abuse is a question of scale. The disappearances, often permanent, of individuals in Honduras have been in the hundreds rather than in the thousands. The Honduran Committee for the Defense of Human Rights (CODEH) counted 263 extra-legal executions in 1987 as compared with 119 in 1986. Amnesty International also gives the Honduran security forces poor grades on human rights and notes that the situation is not improving.⁷

As part of the Central American peace accords of August, 1987, each signatory was supposed to set up a Commission of Reconciliation, to effect peace where armed guerrilla bands operate, and to check abuses of human rights. Although other signatories complied, the Honduran government dragged its feet, on the grounds that there were no significant guerrilla movements and no important violations of human rights. The small political parties and the Catholic Church, often itself a victim of government harassment in recent years, pressured the government to comply. Efraín Díaz Arrivillaga, a leader of the PDCH, commented that Azcona's failure was a sign of his weakness and his dependence on the United States, which is popularly believed to have opposed the peace accords.⁸ In October, 1987, Azcona, with apparent reluctance, bowed to the pressure and set up the Commission of Reconciliation. But since the commission depended on the cooperation of the government, the military and the major parties, it accomplished little in the first year of its existence.

With the Commission of Reconciliation of little use, the burden of defending human rights fell increasingly on CODEH and its head, Ramón Custodio. In November, 1987, CODEH brought a case before the Inter-American Court of Human Rights, which is headquartered in San José, Costa Rica. Honduras is one of 10 American states that subscribe to the jurisdiction of the court (the United States is not among them). The case centered on

³*Latin America Regional Report* (London), July 16, 1987.

⁴*Central America Report*, January 23 and February 12, 1987.

⁵*Ibid.*, December 18, 1987, February 12, 1988.

⁶*Latin America Regional Report*, July 14, 1988.

⁷*Central America Report*, July 15, 1988.

⁸*The New York Times*, October 1, 1987.

violations committed in 1981 and 1982, during the period of transition from military to civilian rule, but the case soon proved that human rights violations were continuing. Two intended witnesses, Miguel Angel Pavón, a CODEH regional director and former congressman, and José Isaisas Vilorio, a former agent of the security forces, were murdered in January, and an attempt was made on the life of Ramón Custodio.

The chief witness was Florencio Caballero, a former security agent, who talked not only about the period when General Policarpo Paz García had been Chief of State, but about the years when General Alvarez Martínez had been head of the armed forces. It was the latter who had founded the notorious Battalion 316 as a part of military intelligence. Caballero explained that the intelligence battalion had received interrogation training from the United States Central Intelligence Agency (CIA). Although the CIA did not recommend torture, torture became the rule, and a number of persons were murdered. Caballero was also able to shed light on the fate of James Carney, the guerrilla priest who had been tracked down by the government in 1983 but whose fate was unknown. Caballero testified that he personally interrogated Carney before the priest was killed while a prisoner of the army.

In one sensational incident, Ines Consuelo Murillo testified to being kidnapped, tortured and held for 13 months. She claimed that one of the torturers was Marco Tulio Regalado Hernández, the brother of the chief of the armed forces.⁹ On July 29, 1988, the court found the government of Honduras guilty of violating the human rights of Angel Manfredo Velasquez Rodriguez, who had disappeared and had then been murdered by the government while Policarpo Paz had been Provisional President. This was the first time the court had ever found a government to be guilty. President Azcona promptly announced that Honduras would accept the verdict and pay the family of Velasquez the damages awarded by the court.¹⁰ Because all police and intelligence matters in Honduras are handled by the military, either through the Public Security Forces or through the intelligence section of the army, the military had been found guilty.

THE MILITARY

The chief of the armed forces remains General Humberto Regalado Hernández, who was appointed just after Azcona took office and reappointed for a second two-year term in January,

1987. Honduras supports a large military establishment with the help of the United States, which has supplied training and much equipment, including 12 supersonic F-5 fighters. The United States also maintains a permanent garrison of some 3,000 personnel scattered at a dozen bases and air fields and headquartered at Palmerola. The United States and Honduras frequently conduct joint military maneuvers that bring thousands of additional United States troops to Honduras and involve United States air units and Navy squadrons. All this joint activity is presumably due to the alleged menace of Sandinista Nicaragua. And, indeed, there have been occasional clashes with the Nicaraguan army, which has come across the border in hot pursuit of the contra rebels.

There have also been clashes with the Salvadoran Marxist guerrillas who operate in the border area. In March, 1988, there was an apparent border crossing by the Sandinista army, and the United States reacted very strongly, sending an additional three battalions of combat troops to back up the Honduran army. It was doubtful if a real invasion was intended, and the Nicaraguans withdrew after Honduras began bombing San Juan de Bocay on the Nicaraguan side of the border.

DRUGS AND CORRUPTION

The Honduran military, which is practically an independent state in itself, has long been known more for the extent of its corruption than for its fighting ability. Since the contra struggle began and the United States began backing the contras, there have been frequent reports that officers of the Honduran army were enriching themselves by funneling arms, chiefly from Israel, to the contras, and by keeping about one-third of the arms to sell.

But increasingly during the 1980's, the chief illegal activity of certain Honduran military men, as well as many civilians, has been the drug trade. Colombian dealers have found Honduras an ideal point for transshipment to the United States. In February, 1988, this prompted an unusually candid statement from a senior United States official.

This [he said] is something that could get out of hand. We can't compete with the money the Colombian dealers are offering, and once the army is corrupted, we can't control it.¹¹

Nevertheless, there appears to be an antidrug element within the officer corps. In the spring of 1988, Judge Miguel Angel Izaguirre was dismissed after allegedly exceeding his authority. In June, he published accusations against Carlos Montoya, Attorney General Ruben Zepeda, the president of the Supreme Court and a number of civilian officials,

⁹Ibid., January 7, 1988, and May 2, 1988.

¹⁰Ibid., July 30, 1988.

¹¹Ibid., February 12, 1988.

who he said were drug traffickers. Shortly thereafter, the military released a report on the drug problem, blaming the civilian government and the judiciary in particular for the drug traffic and pointing out that Izaguirre was practically the only judge who had convicted drug smugglers.

Whether this was a case of the pot calling the kettle black or was a genuine expression of concern was unclear, but it resulted in a military shakeup. Colonel Alvaro Romero Salgado, perhaps the strongest supporter of Izaguirre, was relieved of his command of the important Brigade 105 at San Pedro Sula and was shuffled to the post of army inspector general, a dead-end job given to those about to retire. Romero had been a member of the "sixth promotion," those who had been cadets together and now controlled key military posts, and who had been regarded as upward-bound officers. In this case, the prodrug faction appeared to win.¹²

One of the most prominent officers implicated in the drug trade was Colonel Rigoberto Regalado Lara, the half brother of the armed forces chief and the ambassador to Panama. He was arrested at Miami International Airport in May, 1988, with 26 pounds of cocaine in his luggage, worth about \$2 million. Since his diplomatic immunity did not apply in the United States, he was prosecuted; he subsequently pleaded guilty in July.¹³

The drug case that caused the biggest sensation, however, involved both the Honduran military and the United States. This was the case of Juan Ramon Matta Ballesteros, said to be a drug kingpin millionaire, who was wanted in the United States for killing a North American narcotics agent. Protected from extradition by Honduran law, Matta lived openly in the capital and was well known for his charities. But on April 5, 1988, he was kidnapped by 100 special forces troops and flown to the Dominican Republic, where, as had been previously arranged, United States narcotics agents seized him and escorted him to the United States. As a Honduran citizen, Matta should have been protected, and his seizure brought to the surface smoldering anti-North-American feelings.

THE UNITED STATES AND HONDURAS

The riots that followed the arrest of Matta may someday loom large in Honduran history. Occupied by the United States and by the contras, painfully dependent economically on the United States, and unable in the Matta case even to uphold the na-

tion's laws against the demands of the United States, Honduras retaliated. About 2,000 rioters, mainly students from the national university, descended on the United States Embassy area on the evening of April 7. Although the rioters did some damage to the main embassy building, they were unable to break through its heavy defenses.

This was not true in the case of the embassy annex, a multistory office building about half a block long. Although it, too, had an elaborate security system, the building was invaded and burned. Four rioters were killed in the process, evidently by civilian security guards. Mysteriously, the police showed up two hours later, delayed either because of bungling or because of sympathy with the rioters. Rioting continued into the next day in the capital and in San Pedro Sula, until the government imposed a curfew in both cities and created a virtual state of martial law.¹⁴

Local leaders of all political persuasions quickly grasped the significance of what had happened. Manuel Acosta Bonilla, a PN leader, commented, "There has been complete submission to the United States and people are tired of it."¹⁵ The United States did not help by demanding that Honduras pay \$6 million in damages. It should also be noted that these events took place just after the supposed Nicaraguan invasion had led to the dispatch of 3,000 more United States troops, and just before Operation Solid Shield, the largest joint United States-Honduran maneuvers ever scheduled.

The April riots were the most widespread incident between Honduras and the United States, but there had been periodic protests, often organized by the trade unions, and on at least two occasions United States military personnel had been deliberately attacked. On August 8, 1987, a bomb had exploded in a Chinese restaurant in Comayagua, where the Palmerola military base is located, and six United States military personnel and several Hondurans were wounded. No group claimed responsibility, but one suspect, Alfonso Guerrero Ulloa, who denied responsibility, was granted sanctuary by the Mexican embassy, despite the loud protests of the United States. A second major incident occurred in San Pedro Sula on July 3, 1988, when a café was sprayed with gunfire as United States soldiers were leaving. Again, six United States soldiers were wounded. This time

(Continued on page 431)

Thomas P. Anderson has written a number of books on Central America, including *Matanza: El Salvador's Communist Revolt of 1932* (Lincoln: University of Nebraska Press, 1971). The revised second edition of his *Politics in Central America* has recently been published (New York: Praeger, 1988).

¹²Central America Report, July 22, 1988.

¹³The New York Times, May 18 and July 30, 1988.

¹⁴Central America Report, May 15, 1988.

¹⁵The New York Times, April 8 and April 9, 1988; Latin America Regional Report, May 5, 1988.

Book Reviews

ON CENTRAL AMERICA

By Mary M. Anderberg

OIL AND MEXICAN FOREIGN POLICY. By George W. Grayson. (Pittsburgh: University of Pittsburgh Press, 1988. 207 pages, tables, notes, bibliography and index, \$19.95.)

The discovery of large oil deposits in Mexico in the mid-1970's converted Mexico from an oil importer to a primary exporter and made it the fourth largest depository of oil and gas in the world. It is Grayson's thesis that oil prices and the economic conditions resulting from them shaped the role played by Mexico in international affairs. During the José López Portillo presidency, Mexican oil revenues increased from \$340 million (1976) to \$12 billion (1980) and foreign bankers competed to provide Mexico with generous loans at low rates for comfortable grace periods. Grayson describes these fortuitous events and how they encouraged López Portillo to adopt a role of regional leadership in the Western Hemisphere, in the United Nations and in other international forums to stress Mexico's ideological identity with the developing nations and to support reforms aimed at transferring resources from richer to poorer states. López Portillo's defense of the revolutions in Cuba, El Salvador and Nicaragua demonstrated Mexico's independence from the United States.

The falling off of revenues because of the oil glut and the accumulation of huge deficits caused by lavish public spending during López Portillo's presidency brought Mexico to the edge of bankruptcy. The new President, Miguel de la Madrid Hurtado, adopted a more cautious, status quo policy that would not threaten Mexico's economic relations with the United States, with other industrial nations, or with the international banks. Grayson characterizes Mexico's change in policy as a transition from "regional leader to responsible debtor." He believes, however, that various conditions could cause a return to an ideologically motivated foreign policy; as the economies of Mexico and the United States become ever more entwined, Mexico could become a contentious partner. This study provides an excellent analysis of Mexican-United States relations, Mexican-Nicaraguan relations and Mexican-OPEC (Organization of Petroleum Exporting Countries) relations. There is a review of the reorganization of the Mexican state oil monopoly under de la Madrid, and of Mexico's

participation in the San José accords, the cooperative effort between Venezuela and Mexico to supply the Central American nations, Jamaica, the Dominican Republic and Barbados with oil on concessionary terms.

CUBA: BETWEEN REFORM AND REVOLUTION. By Louis A. Pérez, Jr. (New York: Oxford University Press, 1988. 504 pages, tables, chronology, bibliography and index, \$24.95.)

This well-written history of Cuba from precolonial times to the present demonstrates that internal revolt and armed rebellions against oppressive authority occurred in Cuba with remarkable frequency from earliest times. All segments of Cuban society—slave and free, people of color, poor whites and rich whites—participated in rebellions at one time or another. But Cuba's ability to resolve its internal struggles for reform was always hampered by the fact that its political elites were dependent on powerful outside support. While these factors were extremely important in molding Cuban history, Pérez regards the influence of sugar as even more important to Cuba's national experience. Sugar, he believes, totally shaped every facet of the Cuban social, economic and political entity.

In treating the Spanish colonial period, Pérez describes how Cubans resisted Hapsburg and Bourbon mercantile policies by resorting to clandestine trade and, at times, to armed resistance. The occupation of Havana by the English in the final year of the Seven Years War resulted in several important events: Cuba gained ready access to the slave trade, which subsequently allowed it to increase sugar cultivation, and traders from England's North American colonies found a receptive market in Cuba. The expansion of sugar and slavery, the frequent slave revolts, the growing importance of North American interests, the moves for United States annexation of Cuba, Martí's struggle for a free Cuba, United States intervention in Cuba's war for independence from Spain, and United States relations with the Cuban republic are treated comprehensively. In the final chapters, Pérez deals with socialist Cuba under Fidel Castro.

REFLECTIONS ON THE CUBAN MISSILE CRISIS. By Raymond L. Garthoff. (Washington, D.C.: The Brookings Institution. 159 pages, appendix and index, \$18.95, cloth; \$8.95, paper.)

This is a keen examination of the differences in the American and Soviet perspectives on the Cuban missile crisis. Raymond L. Garthoff was a staff-level adviser in the State Department with experience in Soviet affairs and intelligence analysis; he was a participant in the crisis. He has included in his book the declassified memorandums he wrote at the time and has added commentary. In evaluating the long-term legacy of the missile crisis, Garthoff concludes that while crisis management is important, crisis avoidance based on political restraint and accommodation is vital in a nuclear world.

U.S.-MEXICAN ECONOMIC RELATIONS.

Edited by Khosrow Fatemi. (New York: Praeger Publishers, 1988. 223 pages, tables and charts, bibliography and index, \$39.95.)

This volume offers a collection of articles on Mexican-United States economic relations delivered at a symposium on "North American Economies in the 1990's" held at Laredo State University in Texas during the summer of 1987. Three of the articles focus on Mexico's debt and three deal with the oil industry and oil price fluctuations. Several articles deal with the Maquiladora industry, Mexican immigration, the transfer of technology, and Mexico's growing role in the North American auto industry. An article on the problem of narcotics trafficking is also included.

THE POLITICS OF EXTERNAL INFLUENCE IN THE DOMINICAN REPUBLIC.

By Michael J. Kryzanek and Howard J. Wiarda. (New York: Praeger Publishers, 1988. 183 pages, tables, notes, selected readings and index, \$39.95.)

This study examines the external and internal influences that have shaped Dominican institutions and analyzes the Dominican experience with democratic structures and practices in recent decades. The authors are cautious in their predictions for the future and suggest that a further economic slide and social unrest could bring a return to authoritarian rule.

IMPERIAL STATE AND REVOLUTION: THE UNITED STATES AND CUBA, 1952-1986.

By Morris H. Morley. (New York: Cambridge University Press, 1987. 571 pages, tables, notes, appendixes, bibliography and indexes, \$59.50, cloth; \$16.95, paper.)

This detailed study of United States policy toward Cuba from President Dwight D. Eisenhower to President Ronald Reagan focuses on "the evolution, implementation, and consequences of United States imperial-state policy

toward Cuba since 1952." In an introductory chapter, Morley provides an overview of structure and policymaking in the United States government framework: the National Security Council, the Central Intelligence Agency, the Joint Chiefs of Staff, and the State, Treasury and Commerce Departments. He describes United States policies in the Eisenhower years as geared "to preserve the Cuban state and economic system and the American position therein."

Following the success of Castro's revolution and the nationalization of industrial and agricultural properties in 1959, United States policy "had a clear-cut purpose to destabilize and overthrow the Castro government." Both economic and covert tactics were employed. The United States failure at the Bay of Pigs resulted in an expansion of covert operations against Cuba. President John F. Kennedy's efforts to get the Organization of American States to take collective action against Cuba are outlined. The employment of a global economic blockade of Cuba by the administrations of John Kennedy and, later, Lyndon Baines Johnson, the hardline policies of President Richard Nixon, President Gerald Ford and Secretary of State Henry Kissinger, President Jimmy Carter's efforts to deal with Cuban interventions in Africa, and the policies of President Ronald Reagan are critically analyzed.

CRISIS IN CENTRAL AMERICA: REGIONAL DYNAMICS AND U.S. POLICY IN THE 1980s.

Edited by Nora Hamilton et al. (Boulder: Westview Press, 1988. 272 pages, chronology and index, \$35.00, cloth; \$9.95, paper.)

This is a provocative collection of essays on United States policy in Central America and on Central American economic and political problems. Contributors were participants in a conference on "The United States and Central America: A Five-Year Assessment" held at the University of California in February, 1986.

CENTRAL AMERICA: HISTORICAL PERSPECTIVES ON THE CONTEMPORARY CRISIS.

Edited by Ralph Lee Woodward, Jr. (New York: Greenwood Press, 1988. 310 pages, references, abbreviations and index, \$39.95, cloth.)

This is a selection of 12 essays presented at a seminar on Central America held at Tulane University in the summer of 1986 under the sponsorship of the National Endowment for the Humanities. Contributions include discussion of the role of the United States in Central America since 1923; the Catholic Church and social change in Guatemala; Mexico and Central America; and Belize and revolutionary Grenada. ■

HONDURAS

(Continued from page 428)

a radical Marxist group, the Cinchoneros People's Liberation Movement, did claim responsibility.¹⁶

The growing tensions between the Honduran people and the United States military call into question the wisdom of the United States in maintaining such a high profile in Honduras. Nicaraguan nationalism was born when Augusto Sandino campaigned against the United States Marines in the 1920's, and that nationalism became the basis for the radically anti-North-American Sandinista movement that eventually won control of Nicaragua. Honduras, like several other Latin American nations, appears to be finding its identity in resentment against the power and presumption of the United States. ■

¹⁶*The New York Times*, October 4, 1987; Associated Press in *Hartford Courant*, July 20, 1988.

PANAMA

(Continued from page 420)

in Haiti, the leader again had been weak, but the opposition had not been strong enough to overthrow the government. In the case of Panama, the Reagan administration's belief in its "successes" led it to assume that United States power could topple a strong leader and his government even if the opposition were weak.

In view of the failure of the Panamanian opposition and the Reagan administration to dislodge General Noriega, what are the current prospects?¹⁰ The prospects for a genuine democracy in Panama do not seem bright in either the short or the long term. In fact, democratization appears to be the least likely outcome and would probably lead to a return to the country's unattractive democratic past. As was true in the early 1960's, many small personalistic political parties would constantly quarrel about the rules of the game and would call on the military to arbitrate their differences.

A much more likely scenario in the short run is a military-dominated process of liberalization that would allow for managed elections similar to those held in 1984. Under Noriega or a subsequent military leadership, the PDF might be willing to allow opposition parties to return to the political scene as long as conditions were controlled by the military. Such a development would offer some hope that liberalization might eventually move the country toward democracy.

If the military continues to run Panama without

¹⁰For additional views on Panama's future, see Richard Millett, "Looking beyond Noriega," *Foreign Policy*, Summer, 1988, pp. 59-63.

¹¹FBIS, August 15, 1988, p. 17.

liberalizing the political rules, then Panama is likely to become more like Haiti. A "Haitianized" political and economic system would involve maintenance by direct military rule of a corrupt inner circle of officers. Citizens would have little time for political protest. And continued economic decline with attendant cuts in government services would be met by official efforts to raise additional revenue at the expense of the middle and upper classes. Such a system of military rule would be maintained through appeals to nationalist sentiment in Panama. As General Noriega has said: "This territory is the burning cord of Latin America, and here the hands of imperialism will catch fire."¹¹ ■

NICARAGUA

(Continued from page 408)

Nicaraguan Democratic Coordinator (usually called the Coordinadora), the private sector and the Catholic hierarchy, openly to reveal their sympathies toward the contras.²⁰

The government's inability to end the war or to manage the economy has led to increased public dissatisfaction. Political observers in Nicaragua, while attesting to the FSLN's continued popularity, point out that many former supporters of the revolution are becoming disillusioned. More important, the regime is also losing international support: West European governments are increasingly reluctant to aid, invest in and trade with the FSLN. For example, Nicaragua's exports to West Europe declined from 54 percent of Nicaragua's total exports in 1986 to 39 percent in 1987. The Soviet bloc, while giving Nicaragua an estimated \$600 million a year in aid, has made it clear that the Sandinistas cannot expect any increase in aid levels.

BEYOND ESQUIPULAS

The failure of the Central American peace plan to resolve the economic and political crisis of the Sandinista regime has led to more hard-line tactics. The harsh treatment of political opponents after the antigovernment rally at Nandaime indicates that the government still has the power and will to deal with its enemies. After a year of political, economic and diplomatic turmoil, the Sandinistas are still in control of the government. The regime is not only stable and well entrenched but remarkably popular, given the profound national crisis. More important, the government has survived President Reagan, its mortal enemy. The Sandinistas are formidable opponents.

However, the crackdown seems to be limited in scope: *La Prensa* is back on the street, Radio Católica is back on the air. The Sandinistas realize that

²⁰David Close, *Nicaragua: Politics, Economy and Society* (London: Pinter Publishers, 1988), p. 131.

while they have survived and have injured the "enemies of the revolution," they are still in deep trouble. The regime can survive but it can do little else. Economic recovery and peace depend on an FSLN settlement with internal and external opponents that will not only recognize the revolutionary order in Nicaragua but that will also establish the framework in which power can be fairly contested. The Esquipulas agreement was only the first step toward this arrangement. The developments of 1988 indicate that if Nicaragua is to have peace and prosperity, the Sandinistas must negotiate with their internal enemies. ■

MEXICO

(Continued from page 412)

the party's attractiveness to the millions of Mexicans who believe that it is simply a coercive instrument to provide power, wealth and perquisites to a self-serving leadership? Party reformers have advanced a number of ideas, a few of which have been accepted by the party's leadership. Proposals from party reformers include recruiting better candidates, employing primary elections and other techniques to open up a candidate selection process traditionally accomplished by the *dedazo* or handpicking of nominees by party elites, revamping the party's corporatist pyramid, welcoming women, young people and political newcomers to party affairs, negotiating with opponents, and—of course—respecting the genuine outcome of future elections.

Nevertheless, hundreds of veteran party bosses are livid over the gravitation of power from the PRI to the bureaucracy since the 1970's. They resent having reforms thrust on them by foreign-educated technocrats. Such men and women have never dirtied their hands in the political trenches; nonetheless, they arrogantly disdain old-line politicians as undemocratic hacks who only know how to enrich themselves and fix elections. For many PRI diehards, an intrusive state generates invaluable political resources, and elections offer a convenient device to transfer the presidential sash peacefully from one *jefe máximo* to another and to legitimize the party's grip on power.

Such contests were never meant to allow opposition victories. Rather, the *carro completo* or clean sweep enables labor chieftains and peasant leaders to reward their loyalists. Thus, important interest groups have scorned the notion of continuing de la Madrid-sponsored economic initiatives, much less embarking on major political changes. Traditional CTM labor leaders, many of whom are 50 years older than the rank and file they claim to represent, fear that free elections will threaten their members' pocketbooks, their own privileged positions and the

preservation of notoriously undemocratic intra-union procedures.

No greater challenge confronts Salinas than that of broadening a now modest coalition—one that embraces large, efficient producers, the international financial community, some intellectuals, and many high-level technocrats in ministries with economic functions—to advance the reforms for which de la Madrid laid the groundwork.

DE LA MADRID'S PERFORMANCE

Even though he was a colorless technocrat who failed to revitalize the PRI and was unable to establish rapport with the masses, de la Madrid proved to be a competent economic manager. Once he understood that the economic challenge facing Mexico in the early 1980's was essentially structural and not a liquidity shortage, the President made only one major mistake; namely, reflating the economy in late 1984—in part to win support for PRI in the upcoming parliamentary elections. Otherwise, de la Madrid showed vision, courage and tenacity in reducing the state's role in an economy that was increasingly opened to the world economy. Domestically, he limited the growth in government spending, slashed subsidies, privatized or eliminated hundreds of white elephant state firms, kept a lid on the bureaucracy's size, reduced corruption and held the line on wage increases.

Internationally, de la Madrid led Mexico into the General Agreement on Tariffs and Trade (GATT), exempted 90 percent of the country's tariff items from import permits, and lowered Mexico's maximum tariff rate to 20 percent in late 1987. As part of his program of integrating Mexico into the international economic system, de la Madrid signed a 1985 Bilateral Subsidies Understanding with the United States, stipulating that his country would phase out export financing by early 1987 in return for receiving an injury test in countervailing duty litigation that had embittered United States-Mexican relations. To build on this important foundation, the two nations entered into a Bilateral Trade and Investment Framework Agreement in November, 1987. While such an accord appeared at first to be more symbolic than substantive, it created a consultative mechanism for resolving disputes in two perennially nettlesome areas.

In the face of a 159.2 percent inflation rate and the stock market collapse in mid-October, 1987, de la Madrid persuaded business, labor and peasants to join the government in a Economic Solidarity Pact (PSE) that entailed shared sacrifices. Under the terms of this accord, the government pledged to curb its expenditures, freeze prices of public sector goods and services, and maintain a stable exchange rate. In turn, the private sector promised to reduce

prices, improve productivity, and compete in world markets. Meanwhile labor reluctantly acquiesced in a voluntary freeze on the minimum wage, and campesinos accepted the 1987 prices guaranteed for their products.

As a result of this plan, prices—which had shot up 15.5 percent in January—rose only 0.9 percent in August, 1988, helping to lower inflation to 44.7 percent for the first 8 months of 1988. Because wage earners had endured real earnings cuts of approximately one-third since the PSE's inception, the September-December, 1988, phase of the pact removed the value-added tax on processed foods and medicines and cut the income tax by 30 percent for workers receiving less than four times the daily minimum wage of \$3.55.

Unlike his predecessors in the Los Pinos presidential palace, de la Madrid acted responsibly during his final months in office. Rather than engage in demagoguery on the highly emotional debt issue, de la Madrid—on the eve of leaving office—reiterated Mexico's obligation to pay its foreign debt.

Salinas correctly dismisses "doomsday" predictions that Mexico is teetering on the verge of upheaval. Many reasons militate against revolution. To begin with, the barter of the underground economy, which equaled 25 to 35 percent of the gross domestic product (GDP) in the mid-1980's, mitigates the difficulties faced by millions of Mexicans. In addition, extended families, which often have several members working and others hawking lottery tickets or shining shoes, establish a safety net for upward of one-third of the work force in a country where social security coverage is limited and unemployment compensation is nonexistent. Indeed, for Mexicans, the most attractive welfare scheme is the United States border, which remains porous despite the passage of immigration reform legislation in late 1986.

The death of more than one million people in the revolution that erupted in 1910—known to adults who learned of it from grandparents who vividly remembered the carnage—has sensitized Mexicans to the danger inherent in widespread violence. The October, 1968, "Tlatelolco massacre" provided a more recent reminder of the regime's readiness to discard the carrot for the stick when frightened. For the time being, increasingly disenchanted CTM bigwigs have coupled strident advocacy of higher compensation for trade unionists with a willingness to beat a tactical retreat if it appears that their demands would spur bankruptcies or spike the PSE. Sensitive to the need to ingratiate itself with organized labor, the PRI has named Emilio M. González, heir apparent to the 88-year-old Fidel Velázquez, to head its Senate delegation.

Above all, the 145,000-member armed forces, though top-heavy with senior officers and hardly of Prussian caliber, have consistently stressed their loyalty to the regime. While some enlisted personnel and officers voted for Cárdenas, Salinas has cultivated friends at the Defense Ministry. As secretary of budget and planning, he regularly visited military installations, knitted close ties with senior officials and granted most requests for higher pay and new equipment. The upshot was that salaries of officers have kept up with or surpassed the inflation rate during the past six years.

While Salinas does not have to worry about revolution, his successor may have to rely heavily on the military to handle social violence unless prompt action is taken to restore the regime's legitimacy. As significant as it may be to Carlos Salinas and his technocratic advisers, political reform is of secondary importance to the acute economic distress in Mexico that is endured by the great majority of the long-suffering Mexicans. The Economic Solidarity Pact has sharply reduced inflation. Yet renewed growth is essential to creating employment for the 800,000 to 1 million young people who enter the job market each year. Without a sharp rise in oil prices or some other fortuitous event, such growth is impossible as long as Mexico spends \$12 billion annually on its external debt.

Hence, Salinas's highest priority must be to strike a deal with the international financial community so that a significant percentage of the debt is written off, swapped for equity holdings, converted into "exit bonds," or transformed into long-term securities guaranteed by the World Bank or a similar institution. A breakthrough on the debt question would raise Salinas's popularity, undercut Cárdenas's most salient issue, give a psychological fillip to a timid private sector whose support is crucial to economic restructuring, and stimulate development. Militating against speedy action is both the creditor banks' intractability and the change of administrations in Washington. Emphasis on supply-and-demand forces may impel political liberalization inasmuch as individuals who enjoy more decisionmaking opportunities in the economic realm can be expected to demand more choices in political matters. In other words, perestroika could open the door to glasnost.

The PRI's poor showing on July 6 has given Mexico's young President a justification for reforming the party, and the Congress provides a venue for bargaining. Still, pursuing sweeping political changes before achieving sustained economic growth could further divide the ruling PRI party and turn long-time party loyalists into critics of the government that they helped to elect but that they believe has betrayed them. ■

CARIBBEAN COMPLEXITIES

(Continued from page 416)

election. In the past, there has been an extensive resort to political violence; there have been large numbers of armed Jamaican thugs, and the police and the military have been unable to provide order.

A general election is required no later than April, 1989. Polls indicate a Manley victory consistent with swing votes in Jamaica that have turned the party in power out of office in previous elections.⁷ The Jamaican case asks whether democracy can be sustained without both economic growth and improved income distribution. Have Jamaicans come to believe that democracy is a good, a value in itself, even if it does not bring about economic betterment? The next election will provide initial answers.

Suriname is another kind of test case. It achieved independence from the Netherlands in 1975 as one of the most complex multiethnic societies in the world. Its estimated 1986 population of 402,000 people includes persons of Creole, Javanese, and East Indian (Hindu and Muslim) origins. Its political parties and elected post-independence Parliament were based on a series of unstable ethnic coalitions. No party was able to obtain an electoral majority or to come close. The economy was dependent on extensive Dutch aid and the bauxite industry. After independence, an estimated 100,000 Surinamese opted for Dutch citizenship and residence in Holland. This exodus crippled the middle class and much of the economy.

The nature of the postindependence political breakdown in Suriname has not been fully explained.⁸ It included factional and ethnic conflicts and the emergence of junior officers in a newly formed army. One of those officers, Desi Bouterse, seized power in a 1979 coup and quickly organized radical nationalist support groups. While in power, Bouterse flirted with Cuban and Libyan support and radical rhetoric. His major efforts were directed at subduing the urban, civilian opposition in Paramaribo and exiling the ethnic politicians who would not be co-opted.

There were many bizarre elements in the regime, but these did not bring about its downfall. Instead the Netherlands ended aid and subsidies after the murder of civilian opposition leaders. Exiles launched an insurgency movement led by a former Bouterse bodyguard that gained support up-country, especially among the "boschneger" (Bush Negroes) descended from eighteenth century run-

away slaves. Support for Bouterse from radical youth and other urban groups dwindled as the regime failed to meet their demands.

The realities of fighting a prolonged guerrilla war without external aid (United States pressure had helped to end Cuban assistance in 1983) and increasing internal dissent prompted Bouterse to agree to new elections. A Dutch commitment to restore aid if there were a return to civilian rule helped. The November, 1987, elections totally rejected Bouterse and his supporters while restoring to power several of the ethnically based politicians who had been in exile. The insurgency continues on a low level, but the new ethnic coalition government is pledged to negotiate its end.

NATIONAL IDENTITY AND POLITICAL ORDER

Cuba, the Dominican Republic and Haiti, the oldest independent states in the Caribbean, have the poorest prospects for democracy. Each has achieved a considerable degree of national and cultural identity without the political institutions and processes conducive to democracy. Cuba has rejected democracy as an ideal in favor of a Marxist-Leninist society that rests on the personality of a single cult leader. The Dominican Republic has determinedly attempted to install democracy since the assassination of dictator Rafael Trujillo in 1961 and the civil war and United States military intervention in 1965. It has made impressive strides but the deadweight of the past continues. Haiti emerged from the Duvalier era (1957-1976) to a brief moment of political pluralism cut short by a return to repressive military rule. Since these three countries have a total population of 23 million people, 75 percent of the entire region, their chances for democracy shape the entire Caribbean.

Under the remarkable leadership of Fidel Castro, Cuba has become a unique Communist state since 1959. Constitutionally, power is exercised through the Communist party and its organs. Actually, Fidel Castro is the source of much power and all major decisions. After 29 consecutive years in power, at the age of 62 Fidel Castro has begun to consider political succession. Formally, younger brother Raul Castro is the designated successor.

The elements of a Soviet-Cuban disagreement are in place, including the Soviet decision to reduce supplies of oil at subsidized prices. Pressure from the Soviet Union has contributed to Cuban willingness to participate in the extended negotiations concerning troop withdrawals from Angola and Namibia. However, Fidel Castro increased the Cuban forces in Angola from 35,000 to 50,000 in 1988 and deployed them in conflict with South African forces to press the issue.

⁷Carl Stone, *Jamaica at the Polls* (Washington, D.C.: American Enterprise Institute, 1984).

⁸Edward Dew, "Did Suriname Switch?" *Caribbean Review*, vol. 12, no. 4 (Fall, 1983), pp. 29-30.

Extensive speculation about political succession in Cuba is fed by Cuban exiles, high-level defectors and many rumor mills. Institutionally, the highly privileged and well-placed senior military will apparently play a key role. Overseas service in Angola and Ethiopia has increased the importance of military ties. The party is institutionally weak; its leadership is held responsible for much of the economic malaise; and its power is derived from Fidel Castro. The medium and long-term prospects for democracy are poor in Cuba but the regime has improved its human rights record, releasing many political prisoners.

The Dominican Republic, with its 6.6 million people occupying two-thirds of the island of Hispaniola, has made a remarkable recovery from a lamentable past. Between 1965 and 1986, its economy grew by 2.5 percent annually, with tourism and light industry replacing sugar. A substantial middle class has emerged with a competitive press and media and with firmly entrenched political parties. The 1978 election resulted in the first ballot-box transfer of power in the nation's history, repeated in 1986 as veteran former President Joaquín Balaguer was returned to office largely on the strength of his faithful rural following.

These impressive achievements, including the reduced political influence of the military, remain fragile. The heavily indebted economy is riddled with expensive subsidies that external creditors want terminated. The loss of sugar markets and exports has been offset only partly by a tourism and assembly plant boom. Glaring social injustice feeds pressures for political participation that the regime cannot accommodate. The temptation to rely on violence and counterviolence is always present. The three dominant political parties remain largely personalist in nature, relying primarily on patronage to retain power. Balaguer is 80, nearly totally blind, an indefatigable patronage politician who bestows favors but nurtures no successors. Some observers believe that the center, moderate party in office from 1978 to 1986 is in a state of acute decline and factionalism and that the Dominican Republic risks an ideological polarization.

HAITI

Haiti occupies one-third of Hispaniola with an estimated population of 6.1 million people; its environmental and poverty problems are among the most severe in the world. Deforestation and soil erosion on a national scale are rapidly reducing the scarce resources remaining for a malnourished, famine-ridden population. An economy based on coffee and cheap labor has been stagnant for many

years, and an estimated 800,000 Haitians have emigrated legally and illegally to the United States, Canada, the Bahamas, the French Antilles, and the Dominican Republic.

The Duvalier dynasty (1957–1986) began when a former public health physician and proponent of black power in a society sharply divided between black and brown elites manipulated the 1957 elections.⁹ François "Papa Doc" Duvalier consolidated power through an extraordinary combination of co-optation and repression until his death in 1971. He installed his son Jean-Claude "Baby Doc" as President-for-Life at age 19 in a country totally isolated from its neighbors, with authority held by militant paramilitary Tontons Macoutes and a malodorous palace cabal busy extorting funds for overseas bank accounts.

The end of the dynasty, with Baby Doc's departure in January, 1986, in a United States Air Force plane, was the result of several factors. Perhaps most important, at age 34 Baby Doc had lost interest in governing, lacked the resolve to turn the Tontons Macoutes and the ragtag army against his opponents, and preferred comfort to fighting, unlike the late Anastasio Somoza Debayle in Nicaragua. The regime fell because its head was not willing to fight for it and because there was no dauphin.

Unrest had been simmering for several years. Drought had left many Haitians dependent on donated food, which was being profiteered by the regime. An outbreak of African swine fever resulted in the preventive slaying of Haitian's most important form of animal protein, the family pig. Urban businessmen were appalled at corruption and inefficiency in government ranks. The visit of Pope John Paul II in 1983 endorsed the new militancy of many Catholics demanding social justice. Catholic and Protestant-owned radio stations broadcasting in Haitian Creole, the only national language in spite of the use of official French, spread news widely.

What happened in January, 1986, was an uprising rather than a revolution or a coup. It had its parallels in Haitian history; there had been several occasions when a corrupt leader had been literally chased from office. What remained in place when Baby Doc fled were hundreds of thousands of persons who had benefited from the 29 years of Duvalier family rule: Tontons Macoutes, local government officials, police, members of the 8,500-man army, businessmen on the take, Voodoo priests and many others. The United States government was instrumental in convincing Baby Doc to leave, and its suspension of economic aid on human rights grounds was also a factor. The uprising, however, was national, with demonstrations for several months in all parts of the country. Hai-

⁹Brian Weinstein and Aaron Segal, *Haiti: Political Failures, Cultural Successes* (New York: Praeger, 1984).

tians were tired of a corrupt dynasty whose ostentation so painfully contrasted with public misery.

What followed was the establishment of an interim ruling junta headed by General Henri Namphy, a career military officer. Namphy had managed to keep his distance from the Duvaliers, who had frequently humiliated the army while favoring the Macoutes. Poorly armed and with limited discipline, the army seemed to some observers, especially American diplomats, the sole force capable of preserving order in a society with boiling tensions. Indeed, the junta and the army were able to limit public violence against the hated Macoutes and to conduct a few show trials of corrupt Duvalierists, while discouraging further reprisals.

What the junta and the army could not or were not willing to do was to transfer power to civilians. Instead, they reluctantly agreed to the election of a constitutional commission, which after months of deliberation produced the most liberal constitution in Haitian history (in 1987). This document carefully limited the powers of the President, strengthened those of the elected Parliament, entrenched civil liberties and generally tried to protect the citizen against the state, a new concept in Haitian constitutional history.

American and other external pressure combined with pervasive internal unrest to compel the junta to schedule elections that it did not want to hold. There was prolonged wrangling over the administration of the elections, the qualifications of candidates and other matters. During the 1987 election campaign one of the more than 60 presidential candidates (a high school teacher from New York City) was killed, and several others were menaced.

The scheduled November, 1987, elections for President and Parliament were aborted by deliberate, horrendous violence carried out by the army and the former Macoutes. An estimated 50 individuals were killed in the capital, and no voting was allowed to take place. Calls for international intervention were ignored, but external aid from several countries was suspended. The junta had to act.

Stage-managed January, 1988, elections were boycotted by all the leading candidates. The winner, acceptable to the army, was Leslie Manigat, a political scientist living in Venezuela who had been in exile for 30 years. Promising to work with the military, Manigat formed a Cabinet of mostly exiled technocrats.

A bizarre showdown between Manigat and General Namphy in June, 1988, ended civilian rule. Manigat went into exile and Namphy abrogated the 1987 constitution and declared that there would be no more elections in Haiti for an indefinite period. The details of the showdown involved a senior Haitian army officer wanted by the United

States authorities for alleged drug trafficking. While Manigat and Namphy released conflicting stories of what had happened, Manigat had lost the support of his military backers and had no other basis of authority. His attempts to convince external donors to restore aid had produced only a resumption of humanitarian aid through nongovernment channels.

Haiti is a stricken land, economically, environmentally and politically. Political instability continued in September, 1988, when General Namphy himself was ousted from power in a coup led by non-commissioned army officers. Haiti's new leader, General Prosper Avril, named a civilian Cabinet and promised "the implementation of democracy"; General Namphy fled to the Dominican Republic.

The saving grace in this period of trial is the emergence of deep sources of pluralism in Haitian society. These include the Catholic and Protestant churches, the post-Duvalier trade unions, the independent radio stations and newspapers, the force of Creole as a national language and the many community associations. These pluralist forces in Haiti have allies abroad. External and internal pressures may be sufficient to keep Haitian pluralism alive and to prevent the military from imposing a fully authoritarian state. The remnants of the Duvalierists, together with the military, constitute a powerful coalition to block change. Nonetheless, the pressures for change found their voice in 1986-1987 and are likely to find it again.

CONCLUSION

The political fragmentation of the Caribbean reflects its different and divergent political systems. Economically, there is much convergence. Emigration, legal and illegal, has become a way of life for most Caribbean societies, as has recycling by people who sojourn abroad and regularly return home. After four centuries, sugar is on its way out in much of the region. Its replacements are tourism and industry for export, each with its liabilities. Nowhere has there been adequate support for small farmers grappling with tropical soils. Nor has there been much effective harnessing of abundant solar energy in a region where fossil fuels are scarce. Instead in some countries trafficking in drugs originating in South America en route to North America has become a growth industry. Disputes over drug trafficking have led to deteriorating relations between the United States and a number of Caribbean states. Economic debility and political instability encourage the drug trafficking.

However, the concluding emphasis must be on the emergence of national cultural identities in the Caribbean, where small societies are learning to reward their Creole speakers and folk-tellers, their

dancers and poets, their musicians and athletes. These Afro-Caribbean societies are carving out their own life-styles and values. Listen to their music: calypso, reggae, salsa and merengue, and you will hear the sounds of these emerging identities.¹⁰ ■

¹⁰Kenneth M. Bilby, "The Caribbean as a Musical Region," in Sidney W. Mintz and Sally Price, eds., *Caribbean Contours* (Baltimore: Johns Hopkins University Press, 1985), pp. 181-218.

EL SALVADOR

(Continued from page 424)

Mena can find an articulate defense for the policies of his party or suggest new approaches to his country's problems remains to be seen.

But if it is a source of optimism that Cristiani's views are not particularly extremist—and are sometimes echoed in the *Wall Street Journal*—ARENA as a party has a credibility problem because of a lingering association with the obstructionist and sometimes lethal tactics of the party during the early 1980's and with the death squads and gruesome politics of the right wing during the 1970's. Nevertheless, with the Christian Democratic party discredited and divided, Christiani stands a good chance of becoming President unless the left participates fully in the elections and can make some sort of deal with the Christian Democrats that would enable them to use their relatively mature grass-roots organization.

And a victory by ARENA is bound to provoke debate in the United States over continued military and economic assistance to a government of a party that in the early 1980's was very much part of the problem. It is not in the interests of the right wing at this point to revert to undemocratic practices. But only concrete behavior over the next few months on the part of Cristiani and those he represents will convince many observers that the right wing is finally prepared to act within a democratic and conciliatory framework. A lot of blood has been spilled.

CIVIL-MILITARY RELATIONS

Of the groups receiving assistance from the United States in El Salvador, ironically it is the armed forces that have had the least coherent idea of what the war is all about.

Many United States officials working with the armed forces in El Salvador understood overall strategic imperatives only dimly, incompletely, or contradictorily. Strategic information must of necessity be highly centralized. Sometimes Salvadoran officers' fears of communism (encouraged officially by the United States government only a generation earlier) were characterized by United States advisers or congressional delegations as "rabid." In other cases, United States advisers and observers

quietly sympathized with anticommunism as an ultimate end. For still others, the struggle was ultimately about human rights or more abstract geopolitical or democratic goals. It is little wonder that the finest strategic minds in the armed forces sometimes found themselves confused and in conflict with one another about fundamental issues, frustrated with policies they were ordered to adopt; a similar climate of incomprehension and debate plagued various actors in the United States.

At the present time, there are two major sources of tension in the armed forces. First, a power shift is occurring as a younger generation prepares to take charge, the first major shift in nearly a decade. Tensions are surfacing among the many younger men who were trained in the United States during the 1980's and were incorporated into the officer corps when they returned. There were several hundred of these officers in an army that only had 600 officers in 1979. Since then, the officer corps has been bottom-heavy. Junior officers are concerned about a postwar demobilization and complain about condescending treatment from superiors. Since they have seen the most combat, they have a certain moral edge that they push with skill, but just like their older brothers they disguise their career concerns as disagreements over military policy.

A second source of tension has to do with the frustration officers feel over the larger issue: what is this war all about? Those who believe the war is about winning hearts and minds are concerned about government lassitude in providing needed services to villages in conflict areas. Those who believe it is about killing enemy soldiers are anxious to try new tactical approaches. Those who believe it is part of the cold war are nervous about the prospects for a continuation of United States military assistance. Those who believe war is not a political activity are frustrated by their seeming inability to conclude the guerrilla insurgency. All in all, the armed forces have cooperated well with the Christian Democratic government; most officers are pleased with their own performance against the guerrillas and can be expected to cooperate with future governments at least in the near future—as long as the insurgency and United States military assistance continue and as long as assistance is conditioned on democratic behavior.

There has been a recent increase in death squad activity. The magnitude has not begun to approach the levels of the early 1980's, when monthly body counts in the three-digit range were common. Some human rights organizations verified around four right-wing assassinations per month in early 1988, while others suggested that executions among union leaders, students and other popular sectors totaled more nearly 12 to 16 per month. Death

squadding is now an issue that affects both the extreme right and the extreme left. America's Watch, a human rights group, charges that the guerrillas executed 45 people in 1986. A Catholic Church human rights group claims that guerrillas murdered 29 victims in 1987. In many cases, each side accuses the other of perpetrating specific murders. As the civil war continues, it seems inevitable that human rights abuses on both sides will continue; the legal and penal systems are not yet well enough developed to enable systematic investigation and punishment of such crimes.

THE ECONOMY

In spite of guerrilla sabotage, drought, a drop in export prices, government corruption and poor management, El Salvador's economy as measured by gross domestic product (GDP) has grown each year since 1983. According to government figures, in 1987 GDP grew 2.6 percent in real terms, inflation was cut from 32 to 25 percent and 26,000 new jobs were created. On the other hand, total United States assistance is as high as the annual government budget or the total value of exports, suggesting that without it the economy would face disaster. Wage rates for workers—only half as high in real terms as they were in 1979—at the present rate of increase will match prewar levels only in the year 2000. This latter fact helps explain guerrilla political activity in the labor movement during the past few years. But as long as the guerrilla war goes on, workers are likely to continue to act with relative docility. When the war is over, one can expect a major resurgence. At a macroeconomic level, debate over economic policy is beginning to sound familiar: conservatives would like to "privatize" banks and landholdings to create a better "incentive structure," while the more liberal Christian Democrats would prefer to focus on social programs to "ameliorate the hardships of the poor."

The war and the state of the economy have created a flood of refugees throughout the region; it is estimated that more than one out of every five Salvadorans is now living outside the country, mostly in the United States. Several hundred thousand more are living in camps scattered throughout the country, where they receive all kinds of assistance from international agencies. The regimes to handle this problem are now largely in the hands of dozens of international agencies. As the civil war continues, responsibility for the plight of the refugees is likely to be placed as much on the guerrillas as on the government. In the long run, how to transform an essentially agrarian society more densely populated than India with chronic unemployment into a viable economy remains one of the most challenging economic and social pro-

blems in Latin America and is the key to resolving the refugee issue as well.

CONCLUSION

Underlying the strategy devised in 1980 for the survival of the government of El Salvador was the notion that military force could prevent revolutionary change and buy time for democratic roots to take hold. Critics argued that the effort to nurture democratic structures was bound to fail because of insincerity, flawed domestic policies, or inept United States intervention.

Nearly nine years later, it is clear that military force—funded largely by the United States government—has prevented the violent overthrow of the regime by Marxist-Leninist guerrillas. It is also clear that some democratic roots are beginning to take hold, as evidenced by the successful completion of four rounds of national elections (choosing the first civilian governments in over half a century), major improvements in human rights, the emergence of a competitive, albeit still incomplete, party system, and strong evidence from turnout rates and survey research that the vast majority of Salvadorans applaud the democratic character of the regime, if not the performance of the government itself.

There are still significant problems. The guerrilla war has not yet been concluded. A broadly representative electoral system is not yet assured. And a consensus over policy goals has not yet emerged. But developments in 1988 suggest that democratic processes are strong enough to survive.

If the FDR participates in the 1989 presidential elections and if the ARENA party, win or lose, maintains its goal of relative moderation, the civil war in El Salvador may end relatively soon. In 1988, the domestic and international environments seem to favor the strengthening of a moderate and reasonably democratic system in El Salvador. ■

THE UNITED STATES AND CENTRAL AMERICA

(Continued from page 404)

gan administration over the Central American peace accords. Throughout the year, reports circulated about United States efforts to "embarrass and undermine" Costa Rica's President, Oscar Arias, the author of these accords. According to former National Security staffer José S. Sorzano, "Publicly the Reagan administration refers to Arias in a cordial, friendly fashion. But actually, privately, [it has] a low opinion of him that borders on despising him." The Costa Rican President, in turn, criticized United States policies. Growing strains in United States-Costa Rican relations were reflected

(Continued on page 448)

THE MONTH IN REVIEW

A Current History chronology covering the most important events of October, 1988, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Angolan Peace Plan

Oct. 9—After 3 days of negotiations in New York, there are reports that Cuba, Angola, the U.S., and South Africa have reached an agreement for the withdrawal of Cuban troops from Angola. The scheduled withdrawal should take place in the next 30 months; a previous agreement initiated the transition of Namibia (Southwest Africa) toward independence on November 1.

Oct. 14—Cuban and Angolan officials deny reaching an agreement on a timetable for Cuban troop withdrawals.

Iran-Iraq War

Oct. 8—According to UN officials involved in the Iran-Iraq peace talks, progress has been stalled because of the issue of the Shatt al-Arab waterway.

Organization of Petroleum Exporting Countries (OPEC)

Oct. 9—Saudi Arabia calls on the OPEC countries to reduce oil production levels to agreed-on limits; last week, Saudi Arabia said it would increase production to force members to remain within those limits.

Oct. 23—A group of 8 OPEC oil ministers meeting in Madrid conclude their session after failing to persuade Iran and Iraq to agree on oil production quotas.

United Nations (UN)

Oct. 4—Honduran Foreign Minister Carlos López Contreras calls for a UN peacekeeping force to patrol Honduran borders; the force would evacuate rebel Nicaraguan and Salvadoran guerrillas from Honduras and would prevent their return.

Oct. 14—The U.S. sends only \$55.6 million of \$144 million appropriated for UN dues; it is withholding the balance to see if the UN can successfully carry out budgetary and administrative economies.

Oct. 18—South Korean President Roh Tae Woo addresses the General Assembly and calls for a 6-nation "consultative conference for peace" to help end the division of North Korea and South Korea at the 38th parallel and to aid the possible reunification of the 2 Koreas.

95 countries of the General Assembly vote to block the annual Arab nations' attempt to expel Israel from the UN.

Oct. 25—Addressing the General Assembly, U.S. President Ronald Reagan's wife Nancy says that the U.S. must do more itself to combat illegal drug trafficking.

Oct. 26—The United Nations Security Council elects 5 new members: Canada, Colombia, Ethiopia, Finland and Malaysia.

AFGHANISTAN

(See also *U.S., Foreign Policy*)

Oct. 19—During a meeting of the ruling People's Democratic party, 2 Politburo members are removed from their positions.

ALGERIA

Oct. 6—After 3 days of protests against unemployment and in-

flation, the Algerian government declares a state of emergency and imposes a curfew.

Oct. 7—Violent demonstrations intensify in Algiers; hospital officials say at least 50 people have died in rioting since October 4.

Oct. 9—Protests in Algeria continue for the 6th day; various sources place the death toll at 200.

Oct. 10—In a nationwide speech, President Chadli Benjedid promises political reform and pleads for an end to the violence that began on October 4.

Oct. 12—The state of emergency and the curfew are lifted by the government.

President Benjedid asks for a national referendum, to be held on November 3, on constitutional reform.

ANGOLA

(See *Intl, Angolan Peace Plan*)

BRAZIL

Oct. 5—Brazil's new constitution, which is expected to accelerate the movement toward democracy in Brazil, goes into effect.

Oct. 12—President José Sarney announces measures, including economic sanctions and tax incentives, to stop the ongoing destruction of Brazil's rain forests.

BURMA

Oct. 3—Antigovernment strikes end after 6 weeks when the army forces strikers to return to work.

BURUNDI

Oct. 19—President Pierre Buyoya announces Burundi's new Cabinet, including the appointment of Adrien Sibomana, a member of Burundi's majority Hutu tribe, as Prime Minister.

CAMBODIA

(See *U.S., Foreign Policy*)

CANADA

(See also *Intl, UN*)

Oct. 1—Prime Minister Brian Mulroney dissolves Parliament and calls for elections to be held on November 21; Mulroney and his Progressive Conservative party are hoping that a majority in the November elections will guarantee approval of Canada's free trade agreement with the U.S.

CHAD

(See *Libya*)

CHILE

Oct. 5—Both sides claim victory as Chileans vote in today's "yes-no" plebiscite on extending the term of Chile's President, General Augusto Pinochet.

Oct. 6—The government releases election returns, revealing that 54 percent of the voters rejected General Pinochet's bid for a new presidential term.

Oct. 7—Hundreds of thousands of people gather in Santiago to demand the early resignation of General Pinochet; legally, General Pinochet can remain in office until his successor is chosen in a December, 1989, election.

Foreign correspondents and Chilean journalists covering the demonstration in Santiago are attacked and beaten by Chilean riot police.

Oct. 15—The 16-party opposition coalition that defeated General Pinochet's bid for a new term as President announces that it has decided to back a single candidate in next year's presidential election.

Oct. 20—The government announces that General Pinochet's Cabinet has resigned from office.

CHINA

(See also *India*)

Oct. 13—China's de facto leader Deng Xiaoping confirms reports that China and the Soviet Union will hold a summit meeting in 1989.

Oct. 27—In a statement released by the official New China News Agency, General Secretary Zhao Ziyang elaborates on the government's economic crackdown; after an emergency meeting in September, the Chinese reestablished tighter controls over consumer prices and economic growth in order to combat inflation.

COLOMBIA

(See *Intl, UN*)

CUBA

(See *Intl, Angolan Peace Plan*)

CZECHOSLOVAKIA

Oct. 10—The state news agency reports that Prime Minister Lubomir Strougal and Deputy Prime Minister Peter Colutka have resigned from the government.

Oct. 11—Ladislav Adamec is appointed as Czechoslovakia's Prime Minister.

The 20-member Cabinet of former Prime Minister Lubomir Strougal resigns.

EGYPT

(See *Jordan*)

EL SALVADOR

(See also *Intl, UN*)

Oct. 2—The human rights group *Americas Watch* says that there has been a dramatic increase in political violence in El Salvador.

Oct. 6—Leftist political leader Guillermo Ungo, who returned from exile in November, 1987, announces that he will run as the presidential candidate of the Democratic Convergence coalition in El Salvador's next presidential election, which is scheduled for March, 1989.

ETHIOPIA

(See *Intl, UN*)

FINLAND

(See *Intl, UN*)

FRANCE

(See also *U.S.S.R.*)

Oct. 28—The French government tells the drug manufacturer Groupe Roussel Uclaf that it must resume the distribution of an abortion-inducing drug, RU 486. Groupe Roussel Uclaf stopped marketing the drug because of strong pressure from antiabortion groups.

GERMANY, WEST

(See also *U.S.S.R.*)

Oct. 3—Bavarian Prime Minister Franz Josef Strauss, founder of the conservative Christian Socialist Union party, dies at the age of 73. Strauss had been a major force in West German politics since 1949.

Oct. 24—West German Chancellor Helmut Kohl arrives in Moscow for the beginning of a 4-day summit meeting with Soviet General Secretary Mikhail Gorbachev.

Oct. 25—At the summit meeting, Chancellor Kohl and General Secretary Gorbachev discuss the partition of Germany and Berlin.

Oct. 26—Kohl says that Soviet officials told him that "all people regarded in the West as political prisoners" will be released by the Soviet Union at the end of 1988.

HAITI

Oct. 1—President Prosper Avril retires Army Colonel Jean-Claude Paul and orders a crackdown on members of the Tontons Macoutes militia.

Oct. 17—The government announces that on October 16 it foiled a coup attempt led by 2 military officers.

HONDURAS

(See *Intl, UN*)

INDIA

(See also *Lebanon*)

Oct. 11—The political opposition to Prime Minister Rajiv Gandhi announces the formation of a new political organization, the People's party (the Janata Dal). The People's party and several other regional parties are expected to form a National Front coalition that will oppose Gandhi and his Congress-I party in India's next national election, scheduled for 1989.

Oct. 16—Diplomatic sources say that Prime Minister Gandhi plans to visit China in December; he will be the 1st Indian leader to visit China since 1964.

IRAN

(See *Intl, Iran-Iraq War*)

IRAQ

(See *Intl, Iran-Iraq War*)

ISRAEL

(See also *Intl, UN; U.S., Foreign Policy*)

Oct. 5—The Central Election Commission bans the party of Rabbi Meir Kahane from next month's parliamentary election; Kahane, an ardent supporter of exiling all Arabs from Israel, says he will appeal to Israel's Supreme Court.

Oct. 7—Palestinian officials claim that 4 Palestinians were killed by Israeli troops today in the West Bank; an Israeli army official says that 2 Palestinians died in violence after the funeral of a Palestinian killed during rioting yesterday in the West Bank.

Oct. 18—Israel's highest court rules that Rabbi Kahane is ineligible to run in the national election.

Israeli soldiers kill 2 Palestinians and wound a U.S. photo-journalist during violence in the West Bank.

Oct. 19—An Israeli military convoy is attacked with a car bomb in southern Lebanon; 7 soldiers die in the explosion. A pro-Iranian group claims responsibility.

Oct. 21—Israeli jets bomb Palestinian and pro-Iranian guerrilla encampments in southern Lebanon. Lebanese police report that 12 people died in the attacks.

Oct. 22—A soldier wounded in the October 21 terrorist bombing dies from injuries sustained in the explosion.

- Oct. 23—An Israeli Army spokesman says that several residents of southern Lebanon have been detained in connection with the October 19 car bombing that killed 8 Israeli soldiers.
- Oct. 24—In an unprecedented appeal issued from Tunis, the Palestine Liberation Organization (PLO) asks Israeli voters to choose "the forces which represent the real peace choice" in Israel's November 1 national elections.
- Oct. 26—The Israeli air force attacks several villages in southern Lebanon believed to be PLO havens; Lebanese authorities report 17 people dead and 40 wounded after the raids.
- Oct. 30—A passenger bus is attacked with firebombs in the West Bank; 4 Israeli civilians are killed and 8 are wounded.

ITALY

(See *Lebanon*)

IVORY COAST

(See *South Africa*)

JAMAICA

(See *U.S., Foreign Policy*)

JAPAN

- Oct. 15—Finance Minister Kiichi Miyazawa tells Parliament that he recently learned that 10,000 shares in the Recruit Cosmos company had been purchased in his name by a Japanese businessman; Miyazawa is the 1st Cabinet minister directly linked to the controversy surrounding the purchase of Recruit Cosmos stock by journalists, businessmen and politicians.

JORDAN

- Oct. 22—Under the auspices of Egyptian President Hosni Mubarak, Jordanian leader King Hussein and PLO chairman Yasir Arafat meet in the Jordanian port of Aqaba. Jordan and the PLO have not held direct consultations since 1986.
- Oct. 23—Egyptian President Mubarak and Yasir Arafat leave Jordan and fly to Iraq to meet with Iraq's leader, President Saddam Hussein.

KOREA, NORTH

(See *Intl, UN; Korea, South; U.S., Foreign Policy*)

KOREA, SOUTH

(See also *Intl, UN; U.S., Foreign Policy*)

- Oct. 2—The Summer Olympic Games close in Seoul.
- Oct. 4—President Roh Tae Woo says that he is willing to accept an invitation by North Korean leader Kim Il Sung to visit Pyongyang, North Korea's capital.

LEBANON

(See also *Israel; U.S., Foreign Policy*)

- Oct. 2—Sheik Mohammed Fadlallah, a leader of the Hezbollah faction believed to be holding American hostages in Lebanon, is quoted as saying that a solution to the fate of the hostages is near.
- Oct. 3—Mithileshwar Singh, who was kidnapped with 3 U.S. teachers at Beirut University in January, 1987, is released from captivity. Singh, a citizen of India, also holds resident alien status in the U.S.
- Oct. 27—Authorities conclude that the woman arrested in Milan on October 17 carrying photographs of 2 U.S. citizens held captive in Lebanon by a pro-Iranian group was not connected with any effort to obtain the release of U.S. hostages in Lebanon.

LIBYA

(See also *U.S., Foreign Policy*)

- Oct. 3—Libya and Chad restore diplomatic relations and agree to end their 15-year conflict over the Aozou Strip.

MALAYSIA

(See *Intl, UN*)

MEXICO

(See *U.S., Foreign Policy*)

MOZAMBIQUE

(See *Zambia*)

NAMIBIA

(See *Intl, Angolan Peace Plan; Zambia*)

NICARAGUA

(See also *Intl, UN*)

- Oct. 1—The government devalues the country's currency by 77 percent and doubles the price of gasoline.

NIGERIA

- Oct. 21—In an interview, President Ibrahim Babangida says that he wants civilian rule and a 2-party system for Nigeria in 1992; Babangida assumed power in an August, 1985, military coup.

PAKISTAN

(See also *U.S., Foreign Policy*)

- Oct. 2—Pakistan's Supreme Court rules that candidates in the November presidential election can be associated with political parties; the ruling overturns a decree by the late President Mohammed Zia ul-Haq banning political parties from taking part in elections.
- Oct. 13—*The New York Times* reports that U.S. officials investigating the August 17 plane crash that killed Pakistan's President Mohammed Zia ul-Haq believe that the crash was caused by mechanical failure, not by a mid-air explosion. Along with President Zia, 29 other people, including U.S. Ambassador Arnold Raphel, perished in the accident.
- Oct. 16—The Pakistani team investigating the crash of President Zia's plane releases its findings. The report concludes that sabotage or a criminal act caused the crash, since no "technical reasons" for the accident could be found.

PHILIPPINES

(See also *U.S., Administration, Foreign Policy*)

- Oct. 17—President Corazon Aquino praises the October 16 compensation agreement reached on the U.S. military bases in the Philippines. The agreement, however, is being criticized by the press and by political opponents.
- Oct. 22—Reacting to the October 21 indictment of former President Ferdinand Marcos in the U.S., President Aquino says that such action should serve as a deterrent to leaders "who believe themselves above the law."

POLAND

- Oct. 11—Students at 30 colleges and universities protest to demand the restoration of their outlawed union, the Independent Students Organization.
- Oct. 13—Prime Minister Mieczyslaw Rabowski names his new Cabinet, which includes 21 ministers.
- Oct. 18—Direct talks between the government and the leaders of the outlawed Solidarity union, originally scheduled to begin on October 17, are postponed until October 24.
- Oct. 25—The Polish government says that it wants more preliminary discussions with Solidarity representatives before

full-scale talks begin; Solidarity refuses to comply with the request.

- Oct. 31—The government announces that it is closing the Lenin Shipyard in Gdansk on November 1 for economic reasons; Solidarity says that the closing is politically motivated.

SAUDI ARABIA

(See *Intl, OPEC*)

SOUTH AFRICA

(See also *Intl, Angolan Peace Plan; Zambia*)

- Oct. 2—President P.W. Botha returns from Zaire, where he talked with Zaire's President Mobutu Sese Seko; Botha says that South Africa will increase its diplomatic visits to other African nations this year.
- Oct. 15—President Botha travels to the Ivory Coast and meets with its leader, President Félix Houphouët-Boigny.
- Oct. 19—Three black antiapartheid leaders, who escaped from detention and sought refuge at the U.S. embassy on September 13, leave the embassy. The South African government has promised not to detain the leaders again.
- Oct. 20—Talking to an audience in Benoni, President Botha is openly critical of the Zulu leader, Chief Mangosuthu Gatsha Buthelezi. Buthelezi has been the only major black political leader willing to work within the present framework of South Africa's white-dominated political system.
- Oct. 21—Buthelezi responds to President Botha's remarks, calling them an "absolutely disgraceful character assassination."
- Oct. 27—The final results are released on the October 26 municipal elections, which were open to all races; the right-wing Conservative party won some local seats from the majority National party. A large majority of blacks eligible to vote boycotted the elections.

SRI LANKA

- Oct. 9—The government says that in northern Sri Lanka, 47 ethnic Sinhalese villagers were killed today in an attack by Tamil militants.

SUDAN

- Oct. 12—Sudan agrees to allow the U.S. to airlift food to the nation's southern region, where thousands of people have died from starvation since June.
- Oct. 27—Antigovernment rebels refuse to allow a U.S. food-aid convoy into the town of Aweil, where the government estimates that 8,000 people have starved to death since June; the rebels want food supplied to the rebel-controlled town of Akon.

TAIWAN

(See *U.S., Foreign Policy*)

U.S.S.R.

(See also *China; Germany, West; U.S., Foreign Policy*)

- Oct. 1—At today's Supreme Soviet meeting, Communist party General Secretary Mikhail Gorbachev is named to replace Andrei Gromyko as President; Gorbachev will hold both posts simultaneously.
- The Supreme Soviet appoints Vladimir Aleksandrovich as chairman of the Committee on State Security (KGB); Aleksandrovich replaces Viktor Chebrikov.
- Oct. 3—Soviet Interior Minister Aleksandr Vlasov replaces Vitaly Vorotnikov as prime minister of the Russian republic; Vorotnikov is named as president of the Russian republic.
- Oct. 4—The news agency Tass says that the Politburo has asked for an overhaul of the nation's agricultural sector.
- Oct. 9—In the Latvian republic, ethnic Latvians create their own political organization, the Latvian Popular Front. The

group, which claims a membership of 100,000, is modeled on Estonia's Popular Front of Estonia.

- Oct. 10—Foreign Minister Eduard Shevardnadze meets with French President François Mitterrand in Paris; they agree to establish a series of annual summit meetings between the leaders of each nation.
- Oct. 13—The Soviet press reports that General Secretary Mikhail Gorbachev called for an increase in private sector farming at an important agricultural meeting on October 12.
- Yuli Vorontsov is named as the Soviet Union's ambassador to Afghanistan.
- Oct. 26—Commenting on remarks made by West German Chancellor Helmut Kohl during his visit to the Soviet Union, government spokesman Gennady Gerasimov says that the topic of political prisoners was "touched upon" during discussions; Gerasimov adds that the West would consider "20 or so" people in the Soviet Union as political prisoners.
- Oct. 27—The Finance Ministry discloses that the Soviet Union has had a budget deficit for an unspecified number of years and that this year's deficit is equivalent to \$58 billion; in the past, Soviet officials have been reluctant to release such information.
- Oct. 29—The planned launch of the Soviet space shuttle *Buran* is canceled 51 seconds before liftoff because of a mechanical malfunction. The launch has been postponed indefinitely.

UNITED KINGDOM

Great Britain

(See also *U.K., Northern Ireland*)

- Oct. 13—Britain's highest court upholds a ruling that allows the British press to publish excerpts from Peter Wright's book *Spycatcher*, which details Wright's involvement with the British intelligence service. The court ruling ends a 2-year legal battle between the government and the press.
- Oct. 19—The British government prohibits radio and television stations from broadcasting interviews with members of certain Protestant and Catholic organizations in Northern Ireland. The ban does not apply to magazines and newspapers.
- Oct. 20—The British government proposes to limit the legal right of suspects to remain silent if they are accused of committing terrorist acts in Northern Ireland.

Northern Ireland

(See also *U.K., Great Britain*)

- Oct. 11—Ian Paisley, a prominent conservative politician in Northern Ireland, interrupts a speech by Pope John Paul II before the European Parliament, calling the Pope "the antichrist." Paisley is summarily ejected from the Parliament by other delegates.

UNITED STATES

Administration

- Oct. 2—In response to statements from the Energy Department and the Senate and House subcommittees on September 30, E.I. du Pont de Nemours & Company says that it fully reported nuclear accidents to the government as they occurred at the Savannah River plant in South Carolina.
- The Energy Department admits that du Pont reported accidents at Savannah River to the Atomic Energy Commission (AEC) and its successor, the Energy Department.
- Oct. 3—The Department of Transportation says that it will lower the fuel economy requirement for 1989 automobiles from 27.5 miles per gallon to 26.5 miles per gallon.
- Oct. 4—Several officials of the Atomic Energy Commission and the Nuclear Regulatory Commission, including former AEC chairman Glen Seaborg, disclose that they were never

told about mishaps at the Savannah River plant.

The U.S. Census Bureau reports that the population of the U.S. has increased to 245,110,000 as of January 1, 1988; the Bureau reported a population total of 242,825,000 in 1987.

Oct. 6—Reversing an earlier decision, the Justice Department extends the coverage of its antidiscrimination laws to people infected with the AIDS (acquired immunity deficiency syndrome) virus. The decision is binding only on federal agencies and organizations receiving federal funds.

Oct. 9—Bureau of Justice statistics reveal that the nation's crime level rose 1.8 percent in 1987, ending a 5-year decline.

Oct. 10—The Energy Department orders the closing of the Rocky Flats nuclear weapons plant in Colorado (a plutonium processing plant that shapes the material into warheads) because of an accident in which some employees were contaminated with radioactive material; this is the only plant in the U.S. making warheads.

Oct. 11—Energy Secretary John Herrington appoints a special team to correct safety failures at the Savannah River plant in order to restore plant operations by January, 1989.

The U.S. Customs Service, the Federal Bureau of Investigation (FBI) and other U.S. agencies indict 85 people in 7 cities and the Luxembourg-based Bank of Credit and Commerce International SA and its holding company, BCCI Holdings, on charges of money-laundering for the international illicit drug trade.

Oct. 14—Energy Department officials tell a congressional panel that the U.S. permitted a uranium processing plant in Ohio to leak radioactive waste secretly into the environment over some 37 years, endangering water supplies and exposing thousands of workers and residents to danger. Federal executives overseeing the plant operations made a decision not to clean up major sources of contamination.

Oct. 21—In New York, a federal grand jury indicts former Philippine President Ferdinand Marcos, his wife Imelda, and 8 associates on fraud and racketeering charges.

Economy

Oct. 5—Federal Home Loan Bank Board chairman M. Danny Wall says that between \$45 billion and \$50 billion is needed to revitalize the nation's savings and loan industry; earlier Federal Home Loan Bank Board estimates placed the figure at \$30.9 billion.

Oct. 7—The Labor Department reports that the nation's unemployment rate fell to 5.3 percent in September.

Oct. 13—The Commerce Department says that the U.S. foreign trade deficit rose to \$12.2 billion in August.

Oct. 14—The Labor Department reports that its producer price index rose 0.4 percent in September.

Oct. 21—The Labor Department reports that its consumer price index rose 0.3 percent in September.

Oct. 26—The Commerce Department announces that the nation's gross national product (GNP) grew at an annual rate of only 2.2 percent in the 3d quarter of 1988.

Oct. 28—The Treasury Department reports that the U.S. budget deficit for fiscal 1988 (ending September 30), rose to \$155.1 billion instead of the predicted \$146.7 billion.

Foreign Policy

(See also *Intl, Angolan Peace Plan, UN; Canada; Israel; Lebanon; Pakistan; Philippines; South Africa; Sudan*)

Oct. 3—State Department officials deny reports that the U.S. was involved in the release of hostage Mithileshwar Singh in Lebanon.

Oct. 4—President Reagan announces that the U.S. will give Jamaica \$125 million in aid because of the destruction caused by Hurricane Gilbert.

Oct. 6—The State Department extends limited diplomatic immunity to 45 members of Israel's military purchasing office

and 5 members of its trading mission in New York City. The Israelis have been the subject of an investigation concerning the illegal export of U.S. military technology to Israel.

Oct. 7—The State Department announces that the U.S. will join 7 other countries to train Afghan refugees in Pakistan in bomb and mine disposal methods in the Afghan countryside before they return to Afghanistan.

Oct. 11—President Reagan has a short meeting in the White House with Cambodian Prince Norodom Sihanouk and assures him of U.S. support as the future leader of a Cambodian government.

Oct. 15—Secretary of State George Shultz and Philippine Foreign Minister Raul Manglapus sign agreements to continue to maintain U.S. military bases in the Philippines for the next 2 years; the U.S. will supply the Philippines with \$481 million a year in 1990 and 1991 in economic and military assistance, up from the present \$180 million a year.

Oct. 17—The U.S. grants Mexico up to \$3.5 billion in short-term loans because of Mexico's reduced oil revenues.

The U.S. and the Philippines formally sign the new agreement on bases and U.S. aid to the Philippines.

Oct. 20—President Reagan meets at the White House with South Korean President Roh Tae Woo; the President tells reporters he anticipates the eventual withdrawal of U.S. forces from South Korea.

Oct. 24—The Treasury Department charges Taiwan and South Korea with manipulating their currencies in relation to the U.S. dollar to make it easier to sell their goods in the U.S.

Oct. 25—CIA director William Webster says that the U.S. has information that Libya is developing "the largest chemical plant I know of for chemical weapons."

Oct. 27—President Reagan says that the U.S. will raze its Moscow embassy building because it is infested with Soviet espionage equipment.

Oct. 28—The State Department says that the Soviet Union has recently deployed advanced MIG-27 attack jets in Afghanistan, presumably to protect Soviet troop withdrawals.

Oct. 31—The State Department announces the relaxation of some restrictions on U.S. trade, diplomatic contact and travel with North Korea in order to help South Korean President Roh Tae Woo improve relations with North Korea.

Labor and Industry

(See also *U.S., Administration*)

Oct. 3—The Supreme Court allows the Manville Corporation to emerge from Chapter 11 bankruptcy when it declines to hear an appeal of the plan for dealing with lawsuits caused by Manville's asbestos products.

Oct. 5—The Energy Department says that chronic equipment and operational failures caused the Savannah River plant to close 9 to 12 times a year over the last 2 decades, twice the rate of civilian-operated plant closings.

Oct. 7—The Irving Bank Corporation and the Bank of New York sign a merger agreement and will become the nation's 12th largest banking company.

Oct. 10—Tenneco Incorporated sells its oil and gas properties for \$7.3 billion in cash to several companies including Chevron Corporation.

Oct. 12—Real estate developer Donald Trump buys Eastern Airline's shuttle operation from Texas Air Corporation for \$365 million in cash.

The Justice Department announces a fraud settlement of \$115 million by the Sundstrand Corporation in acknowledgement of defrauding and overcharging the U.S. as a military contractor.

Oct. 14—The Federal Home Loan Bank Board announces an aid package of \$1.3 billion over a 10-year period to help Texan Don Adams rescue 11 savings institutions in danger of failure.

- Oct. 26—The Ford Motor Company reports a record net income of \$856 million for the 3d quarter of 1988.
- Oct. 28—The Occupational Safety and Health Administration levies a \$4.33-million fine against the meat packing firm of John Morrell & Company for hundreds of safety violations.

Legislation

- Oct. 1—President Ronald Reagan signs the last of 13 appropriations bills for fiscal 1989; Congress passed the last bill one minute before a midnight deadline; for the 1st time in 12 years, all spending measures have been passed and signed before the start of the new fiscal year; the bills total \$662 billion with a \$145.9 billion debit that must be borrowed.

- Oct. 4—The House upholds President Reagan's September 28 veto of the bill limiting textile, clothing and shoe imports; the final vote is 272 to 152, 11 votes short of the two-thirds majority needed to override.

By a 408-12 vote, the House extends job-discrimination protection to House of Representative employees similar to the protections provided for most American workers under the Civil Rights Act of 1964.

- Oct. 5—In a letter to the Ethics Committee, House Speaker Jim Wright (D., Tex.) denies allegations that he improperly disclosed classified operations of the Central Intelligence Agency (CIA) in Nicaragua.

- Oct. 12—The Senate votes 82 to 7 and the House votes 370 to 31 to approve a bill that empowers a 12-member Defense Department commission to close some military bases in the U.S., with a potential saving of between \$2 billion and \$5 billion.

- Oct. 14—The Senate approves 11 of President Reagan's federal judicial choices, but will probably not act on 15 other choices.

In a voice vote, the Senate gives final approval to revisions to U.S. law to permit the U.S. to join 97 other nations in a treaty outlawing genocide first proposed by President Harry Truman 40 years ago.

- Oct. 18—The Senate votes unanimously to make the Veterans Administration into the 14th Cabinet department. The Senate also approves a Court of Veterans Appeals to review benefits rulings.

- Oct. 20—The House votes 342 to 5 for a measure passed last week by the Senate that will require credit card issuers to provide more information about their rates and regulations on application forms.

In voice votes, the House and Senate approve measures to rewrite U.S. trademark laws and to increase penalties for procurement fraud against the government.

The Senate approves U.S. participation in the Bern international copyright treaty and gives final approval to a bill renewing federal aid to the homeless with a budget of \$634 million in 1989.

- Oct. 21—The House and Senate give final approval to a law banning plastic firearms.

- Oct. 22—The House, voting 346 to 11, and the Senate, in a voice vote, pass a comprehensive illicit drug control bill with severe penalties.

Congress passes a bill further to restrict the lobbying activities of former government executives and members of Congress; Congress also increases the penalties for insider stock trading, adopts legislation to correct errors in the 1986 tax law, and sets up a taxpayers "bill of rights" to aid taxpayers in dealing with the Internal Revenue Service (IRS).

The 100th Congress adjourns.

- Oct. 24—President Reagan signs 11 mostly minor bills out of 120 recently passed by Congress.

Military

- Oct. 6—At a joint hearing of the House and Senate Armed Services Committees, representatives of the Pentagon say that

the initial deployment costs of the strategic defense initiative (SDI) system can be cut in half to some \$69 billion by readjusting the numbers of space-based and ground-based weapons.

Politics

- Oct. 3—The League of Women Voters withdraws its sponsorship of the next debate between Democratic presidential candidate Michael Dukakis and the Republican presidential candidate, Vice President George Bush. The League cites disagreement over the format of the debate as the reason for its action.

- Oct. 5—Democratic vice presidential candidate Senator Lloyd Bentsen (D., Tex.) and Republican vice presidential candidate Senator Dan Quayle (R., Ind.) engage in a 90-minute televised debate.

- Oct. 13—Vice President Bush and Governor Michael Dukakis meet in a second televised debate; they disagree sharply on taxes, crime and defense matters.

Science and Space

- Oct. 3—The *Discovery* lands at Edwards Air Force base in California; the head of the shuttle program, Rear Admiral Richard H. Truly, says that the mission was "an absolute, stunning success."

Supreme Court

- Oct. 21—Associate Justice Sandra Day O'Connor has surgery for breast cancer; a prognosis of "total recovery" is announced.

VATICAN

(See U.K., Northern Ireland)

YUGOSLAVIA

- Oct. 3—Politburo members Franc Setinc and Bosko Kronic resign to protest Communist party policies in Kosovo province.

- Oct. 4—A group of 5,000 disgruntled factory workers gathers at Yugoslavia's Parliament to protest low wages; the demonstration ends after protesters talk with Serbian Communist party leader Slobodan Milosevic.

- Oct. 8—In Titograd, a crowd estimated at between 10,000 and 20,000 people who besieged the parliament of the republic of Montenegro on October 7 is forcefully disbursed by riot police.

- Oct. 16—Two more Politburo members resign on the eve of a major Central Committee meeting scheduled to begin on October 17.

- Oct. 18—Speaking at the Central Committee meeting, President Dizdarevic says that the political crisis in Yugoslavia is harming the nation's reputation in the eyes of the world.

- Oct. 19—The Central Committee meeting ends without the announcement of specific plans to curb political, economic and social unrest in Yugoslavia. One Politburo member is removed from office, while 3 others resign.

- Oct. 25—The cabinet of the republic of Montenegro resigns in the aftermath of the October 8 demonstration in Titograd.

ZAIRE

(See South Africa)

ZAMBIA

- Oct. 4—Zambian President Kenneth Kaunda says that he will not meet with South African President P.W. Botha unless South Africa reduces its military presence in Namibia and Mozambique.

- Oct. 31—Kenneth Kaunda is sworn in for his 6th term as President; Kaunda was the only candidate in the election. ■

Current History Index, January-December, 1988

Volume 87, Numbers 525-533

SUBJECTS

AFGHANISTAN

The Soviet Withdrawal from Afghanistan, Oct., 333.

AFRICA

Africa (map), May, inside back cover;
Africa, 1988, May, entire issue;
Decline or Recovery in Zaire? May, 213;
Economic Reform and War in Mozambique, May 201;
Overcoming Zimbabwe's Vulnerabilities, May, 197;
Revolution and State Power in Ethiopia, May, 217;
South Africa: The Combatants Regroup, May, 205;
Tanzania's Economic Recovery, May, 209;
Trouble Spots in Southern Africa (map), May, 195;
United States Policy toward Africa, May, 193.

ARGENTINA

The Decay of Democracy in Argentina, Jan., 5.

BOOK REVIEWS

Jan., 34; Feb., 81; March, 126; April, 176; May, 221; Sept., 269; Nov., 385; Dec., 429.

BOOKS REVIEWED

Ali, Sheikh R., *Southern Africa: An American Enigma*, May, 222;
Blundy, David and Andrew Lycett, *Qaddafi and the Libyan Revolution*, May, 234;
Cohen, Mitchell, *Zion and the State: Nation, Class and the Shaping of Modern Israel*, Feb., 81;
Coker, Christopher, *South Africa's Security Dilemmas*, May, 221;
Cowen, Regina, Peter Rajcsanyi and Vladimir Bilandzic, *SDI and European Security*, Nov., 385;
de Gruchy, John W., *The Church Struggle in South Africa*, May, 221;
Domes, Jürgen and Yu-ming Shaw, eds., *Hong Kong: A Chinese and International Concern*, Sept., 269;
Donaghy, Peter J., and Michael Newton, *Spain: A Guide to Political and Economic Institutions*, Nov., 385;
The Europa Year Book 1987, March, 136;
Fatemi, Khosrow, *United States-Mexico Economic Relations*, Dec., 430;
Fitzmaurice, John, *Quebec and Canada: Past, Present and Future*, March, 135;
Fried, Edward R., Frank Stone and Philip H. Trezise, eds., *Building a Canadian-American Free Trade Area*, March, 136;
Garon, Sheldon, *The State and Labor in Modern Japan*, April, 176;
Garthoff, Raymond L., *Reflections on the Cuban Missile Crisis*, Dec., 430;
Grayson, George W., *Oil and Mexican Foreign Policy*, Dec., 429;
Greenberg, Stanley B., *Legitimizing the Illegitimate: State Markets and Resistance in South Africa*, May, 222;
Hamilton, Nora et al, *Crisis in Central America*, Dec., 430;
Jaffe, Hosea, *A History of Africa*, May, 221;
July, Robert W., *An African Voice: The Role of the Humanities in African Independence*, May, 221;
Kitchen, Helen, ed., *Angola, Mozambique and the West*, May, 234;
Kryzanek, Michael J. and Howard Wiarda, *The Politics of External Influence in the Dominican Republic*, Dec., 430;
Lawless, Richard and Laila Monahan, eds., *War and Refu-*

gees: The Western Sahara Conflict, May, 234;
Lawson, Eugene K., ed., *U.S.-China Trade*, Sept., 269;
Lopes, Carlos, *Guinea Bissau: From Liberation Struggle to Independent Statehood*, May, 221;
Lowenthal, Abraham F., *Partners in Conflict: The United States and Latin America*, Jan., 34;
Mahant, Edelgard and Graeme S. Mount, *An Introduction to Canadian-American Relations*, March, 126;
Mandel, Eli and David Taras, eds., *A Passion for Identity: An Introduction to Canadian Studies*, March, 126;
Manning, Richard, *They Cannot Kill Us All: An Eyewitness Account of South Africa Today*, May, 222;
Morley, Morris H., *Imperial State and Revolution, the U.S. and Cuba*, Dec., 430;
Norton, Augustus Richard, *Amal and the Shia: Struggle for the Soul of Lebanon*, Feb., 81;
Omara-Otunnu, Amii, *Politics and the Military in Uganda*, May, 221;
Parker, Richard B., *North Africa: Regional Tensions and Strategic Concerns*, May, 234;
Pérez, Louis A. Jr., *Cuba*, Dec., 429;
Reischauer, Edwin O., *The Japanese Today: Continuity and Change*, April, 176;
Rudney, Robert and Luc Reychler, eds., *European Security Beyond the Year 2000*, Nov., 385;
Rustow, Dankwart A., *Turkey: America's Forgotten Ally*, Feb., 81;
St. John, Ronald Bruce, *Qaddafi's World Design: Libyan Foreign Policy*, May, 234;
Schodt, David W., *Ecuador: An Andean Enigma*, Jan., 34;
Shaw, Yu-ming, ed., *Changes and Continuities in Chinese Communism: Volume 1: Ideology, Politics and Foreign Policy*, Sept., 269;
Stavis, Benedict, *China's Political Reforms: An Interim Report*, Sept., 269;
Stern, Robert W., Philip H. Trezise and John Whalley, *Perspective on a U.S.-Canadian Free Trade Agreement*, March, 126;
Stuart, Douglas T., ed., *Politics and Security in the Southern Region of the Atlantic Alliance*, Nov., 385;
Tsurumi, Shunsuke, *A Cultural History of Postwar Japan*, April, 176;
Verrier, Anthony, *The Road to Zimbabwe*, May, 222;
Woodward, Ralph Lee, Jr., ed., *Central America*, Dec., 430;
Wu, Yuan-li et al., *Human Rights in the People's Republic of China*, Sept., 269.

BRAZIL

The Darker Side of Brazil's Democracy, Jan., 21.

CANADA

Agriculture in Canada, March, 113;
Canada (map), March, inside back cover;
Canada, March, entire issue;
Canada's New Internationalism, March, 101;
Canadian Defense Policy, March, 105;
Canadian Energy Development, March, 117;
The Canadian Political Scene, March, 109;
Canadian Relations with the United States, March, 97;
An Overview of Canada's Economy, March, 121;
Sovereignty and Nationalism in Canada, March, 125;

U.S.-Canadian Defenses (map), March, 107.

THE CARIBBEAN

Caribbean Complexities, Dec., 413.

CENTRAL AMERICA AND THE CARIBBEAN

Caribbean Complexities, Dec., 413;

Central America and the Caribbean (map), Dec., inside back cover.

Central America and the Caribbean, 1988, Dec., entire issue;

Democratic Consolidation in El Salvador, Dec., 421;

Mexico: A New Political Reality? Dec., 409;

Panama's Defiant Noriega, Dec., 417;

Peace and the Nicaraguan Revolution, Dec., 405;

Politics and the Military in Honduras, Dec., 425;

The United States and Central America: A Policy Adrift, Dec., 401.

CHILE

Plebiscite in Chile: End of the Pinochet Era? Jan., 29.

CHINA

China's Changing Criminal Justice System, Sept., 265;

China's Economy: New Strategies and Dilemmas, Sept., 253;

Chinese Foreign Trade in the 1980's, Sept., 257;

Dissent and Tolerance in Chinese Society, Sept., 261;

The People's Republic of China (map), Sept., inside back cover;

The People's Republic of China, 1988, Sept., entire issue;

Politics and Political Reform in China, Sept., 249;

Sino-American Relations, Sept., 241;

Sino-Japanese Relations, April, 153;

Sino-Soviet Détente and Chinese Foreign Policy, Sept., 245.

COLOMBIA

Colombia's Political Crisis, Jan., 9.

ECUADOR

Instability in Ecuador, Jan., 17.

EL SALVADOR

Democratic Consolidation in El Salvador, Dec., 421.

ETHIOPIA

Revolution and State Power in Ethiopia, May, 217.

FRANCE

France: The Politics of Ambiguity, Nov., 377.

GERMANY, WEST

Political Shifts in West Germany, Nov., 361.

GREAT BRITAIN

Britain Moves toward 1990, Nov., 369.

HONDURAS

Politics and the Military in Honduras, Dec., 425.

IRAN

The Iran-Iraq War and the Persian Gulf Crisis, Feb., 61.

IRAQ

The Iran-Iraq War and the Persian Gulf Crisis, Feb., 61.

IRELAND

Ireland's Economic Struggle, Nov., 381.

ISLAM

The Islamic Resurgence: A New Phase? Feb., 53.

ISRAEL

Israel at Forty, Feb., 65.

ITALY

Politics Italian Style, Nov., 365.

JAPAN

Japan (map), April, inside back cover;

Japan, April, entire issue;

Japan's Defense Policy, April, 145;

Japan's Energy Policy, April, 169;

Japan's Takeshita at the Helm, April, 173;

The Japanese Economy Internationalized, April, 157;

Labor Confederation in Japan, April, 161;

Research and Development in Japan, April, 165;

Sino-Japanese Relations, April, 153;

United States-Japanese Relations, April, 149.

LEBANON

Syria and Lebanon, Feb., 77.

MAPS

Africa, May, inside back cover;

Canada, March, inside back cover;

Central America and the Caribbean, Dec., inside back cover;

China, Sept., inside back cover;

Japan, April, inside back cover;

The Middle East, Feb., inside back cover;

South America, Jan., inside back cover;

The Soviet Union, Oct., inside back cover;

Trouble Spots in Southern Africa, May, 195;

U.S.-Canadian Defenses, March, 107;

West Europe, Nov., inside back cover.

MEXICO

Mexico: A New Political Reality? Dec., 409.

MIDDLE EAST

The Iran-Iraq War and the Persian Gulf Crisis, Feb., 61;

The Islamic Resurgence: A New Phase? Feb., 53;

Israel at Forty, Feb., 65;

The Middle East (map), Feb., inside back cover;

The Middle East, 1988, Feb., entire issue;

The Palestinians: The Past as Prologue, Feb., 73;

The Politics of Transition in Turkey, Feb., 69;

Soviet Policy in the Middle East, Feb., 57;

Syria and Lebanon, Feb., 77;

United States Policy in the Middle East, Feb., 49.

THE MONTH IN REVIEW

Jan., 44; Feb., 91; March, 139; April, 187; May, 235; Sept. (four months), 282; Oct., 348; Nov., 395; Dec., 439.

MOZAMBIQUE

Economic Reform and War in Mozambique, May, 201.

NICARAGUA

Peace and the Nicaraguan Revolution, Dec., 405.

THE PALESTINIANS

The Palestinians: The Past as Prologue, Feb., 73.

PANAMA

Panama's Defiant Noriega, Dec., 417.

PERU

Peru: García Loses His Charm, Jan., 13.

SOUTH AFRICA

South Africa: The Combatants Regroup, May, 205.

SOUTH AMERICA

Colombia's Political Crisis, Jan., 9;

The Darker Side of Brazil's Democracy, Jan., 21;

The Decay of Democracy in Argentina, Jan., 5;

The Dilemma of Normalcy in Uruguay, Jan., 25;

Instability in Ecuador, Jan., 17;

Peru: García Loses His Charm, Jan., 13;

Plebiscite in Chile: End of the Pinochet Era? Jan., 29;

South America (map), Jan., inside back cover;

South America, 1988, Jan., entire issue;

The United States and South America, Jan., 1.

SOVIET UNION

The Nationalities Problem in the Soviet Union, Oct., 325;

Perestroika in the Soviet Union, Oct., 313;

Political Reform and Soviet Society, Oct., 317;

Sino-Soviet Détente and Chinese Foreign Policy, Sept., 245;
Soviet Glasnost: Definitions and Dimensions, Oct., 321;
Soviet "New Thinking" and East-West Relations, Oct., 309;
Soviet Policy in the Middle East, Feb., 57;
The Soviet Union (map), Oct., inside back cover;
The Soviet Union, 1988, Oct., entire issue;
The Soviet Union's Trade Policy, Oct., 329;
The Soviet Withdrawal from Afghanistan, Oct., 333;
Washington and Moscow: A Tale of Two Summits, Oct., 305.

SPAIN

Spain: Pragmatism and Continuity, Nov., 373.

SYRIA

Syria and Lebanon, Feb., 77.

TANZANIA

Tanzania's Economic Recovery, May, 209.

TURKEY

The Politics of Transition in Turkey, Feb., 69.

UNITED STATES

Canadian Relations with the United States, March, 97;
Sino-American Relations, Sept., 241;
The United States and Central America: A Policy Adrift,
Dec., 401;
The United States and South America, Jan., 1;

United States-Japanese Relations, April, 149;
United States Policy in the Middle East, Feb., 49;
United States Policy toward Africa, May, 193;
United States-West European Relations, Nov., 353;
Washington and Moscow: A Tale of Two Summits, Oct., 305.

URUGUAY

The Dilemma of Normalcy in Uruguay, Jan., 25.

WEST EUROPE

Britain Moves toward 1990, Nov., 369;
The European Community, Twelve Becoming One, Nov., 357;
France: The Politics of Ambiguity, Nov., 377;
Ireland's Economic Struggle, Nov., 381;
Political Shifts in West Germany, Nov., 361;
Politics Italian Style, Nov., 365;
Spain: Pragmatism and Continuity, Nov., 373;
United States-West European Relations, Nov., 353;
West Europe (map), Nov., inside back cover;
West Europe, Nov., entire issue.

ZAIRE

Decline or Recovery in Zaire? May, 213.

ZIMBABWE

Overcoming Zimbabwe's Vulnerabilities, May, 197.

AUTHORS**ALBINSKI, HENRY S.:**

The Canadian Political Scene, March, 109.

ANDERBERG, MARY:

Book Reviews, Jan., 34; Dec., 429.

ANDERSON, ISABEL B.:

An Overview of Canada's Economy, March, 121.

ANDERSON, THOMAS A.:

Politics and the Military in Honduras, Dec., 425.

AUER, JAMES A.:

Japan's Defense Policy, April, 145.

BACHMAN, DAVID:

Politics and Political Reform in China, Sept., 249.

BEISSINGER, MARK R.:

Political Reform and Soviet Society, Oct., 317.

BOMBOY, R. SCOTT:

Book Reviews, Feb., 81; April, 176; Sept., 269; Nov., 385;
Ireland's Economic Struggle, Nov., 381;
Sovereignty and Nationalism in Canada, March, 125.

BOONE, JEAN F. AND JOHN P. HARDT:

The Soviet Union's Trade Policy, Oct., 329.

BROWN, JAMES:

The Politics of Transition in Turkey, Feb., 69.

CALDWELL, LAWRENCE T.:

Washington and Moscow: A Tale of Two Summits, Oct., 305.

CHENG, CHU-YUAN:

China's Economy: New Strategies and Dilemmas, Sept., 253.

CHIU, HUNGDAH:

China's Changing Criminal Justice System, Sept., 265.

CONSTABLE, PAMELA AND ARTURO VALENZUELA:

Plebiscite in Chile: End of the Pinochet Era? Jan., 29.

CYR, ARTHUR:

Britain Moves toward 1990, Nov., 369.

DEVLIN, JOHN F.:

Syria and Lebanon, Feb., 77.

DORAN, CHARLES F.:

Canadian Relations with the United States, March, 97.

FRANKENSTEIN, JOHN:

Chinese Foreign Trade in the 1980's, Sept., 257.

FUKAI, HARUHIRO:

Japan's Takeshita at the Helm, April, 173.

FUKUI, SHIGEKO N.:

Japan's Energy Policy, April, 169.

GARCIA, JOSE Z.:

Democratic Consolidation in El Salvador, Dec., 421.

GLEIJESES, PIERO:

The Decay of Democracy in Argentina, Jan., 5.

GOLDMAN, MARSHALL I.:

Perestroika in the Soviet Union, Oct., 313.

GRAYSON, GEORGE W.:

Mexico: A New Political Reality? Dec., 409.

GRUNDY, KENNETH W.:

South Africa: The Combatants Regroup, May, 205.

HAJDA, LUBOMYR:

The Nationalities Problem in the Soviet Union,
Oct., 325.

HARDT, JOHN P. AND JEAN F. BOONE:

The Soviet Union's Trade Policy, Oct., 329.

HARRISON, MICHAEL M.:

France: The Politics of Ambiguity, Nov., 377.

HELLMAN, STEPHEN:

Politics Italian Style, Nov., 365.

HOSKIN, GARY:

Colombia's Political Crisis, Jan., 9.

HSIUNG, JAMES C.:

Sino-Soviet Détente and Chinese Foreign Policy,
Sept., 245.

HULL, RICHARD W.:

Overcoming Zimbabwe's Vulnerabilities, May, 197.

HUNTER, ROBERT E.:

United States Policy in the Middle East, Feb., 49.

KATZ, MARK N.:

Soviet Policy in the Middle East, Feb., 57.

KELLER, EDMOND J.:

Revolution and State Power in Ethiopia, May, 217.

KIM, HONG N.:

Sino-Japanese Relations, April, 153.

KIRTON, JOHN:

Canada's New Internationalism, March, 101.

KNIGHT, VIRGINIA CURTIN:

Book Reviews, May, 221.

KUGLER, RICHARD L.:

United States-West European Relations, Nov., 353.

LAURENT, PIERRE-HENRI:

The European Community: Twelve Becoming One, Nov., 357.

LOFCHIE, MICHAEL F.:

Tanzania's Economic Recovery, May, 209.

LOWENTHAL, ABRAHAM F.:

The United States and South America, Jan., 1.

LYNN, LEONARD H.:

Research and Development in Japan, April, 165.

MARANTZ, PAUL:

Soviet "New Thinking" and East-West Relations, Oct., 309.

MARTINEZ, ROBERT E.:

Spain: Pragmatism and Continuity, Nov., 373.

MARTZ, JOHN D.:

Instability in Ecuador, Jan., 17.

MCDONALD, RONALD H.:

The Dilemma of Normalcy in Uruguay, Jan., 25.

MCRAE, ROBERT N.:

Canadian Energy Development, March, 117.

MILLER, AARON DAVID:

The Palestinians: The Past as Prologue, Feb., 73.

MILLETT, RICHARD L.:

The United States and Central America: A Policy Adrift, Dec., 401.

MORENO, DARIO:

Peace and the Nicaraguan Revolution, Dec., 405.

NACHT, MICHAEL:

United States-Japanese Relations, April, 149.

OSAKI, ROBERT S.:

The Japanese Economy Internationalized, April, 157.

OTTAWAY, MARINA:

Economic Reform and War in Mozambique, May, 201.

PANG, EUL-SOO:

The Darker Side of Brazil's Democracy, Jan., 21.

POWELL, DAVID E.:

Soviet Glasnost: Definitions and Dimensions, Oct., 321.

RAMAZANI, R.K.:

The Iran-Iraq War and the Persian Gulf Crisis, Feb., 61.

REICH, BERNARD:

Israel at Forty, Feb., 65.

ROPP, STEVE C.:

Panama's Defiant Noriega, Dec., 417.

ROSEN, STANLEY:

Dissent and Tolerance in Chinese Society, Sept., 261.

RUBINSTEIN, ALVIN Z.:

The Soviet Withdrawal from Afghanistan, Oct., 333.

SEGAL, AARON:

Caribbean Complexities, Dec., 413.

STARR, JOHN BRYAN:

Sino-American Relations, Sept., 241.

SZABO, STEPHEN F.:

Political Shifts in West Germany, Nov., 361.

TAIRA, KOJI:

Labor Confederation in Japan, April, 161.

THOMPSON, WAYNE C.:

Canadian Defense Policy, March, 105.

TURNER, THOMAS:

Decline or Recovery in Zaire? May, 213.

VALENZUELA, ARTURO AND PAMELA CONSTABLE:

Plebiscite in Chile: End of the Pinochet Era? Jan., 29.

VEEMAN, MICHELE M. AND TERRENCE S. VEEMAN:

Agriculture in Canada, March, 113.

VEEMAN, TERRENCE S. AND MICHELE M. VEEMAN:

Agriculture in Canada, March, 113.

WERLICH, DAVID P.:

Peru: García Loses His Charm, Jan., 13.

WINCHESTER, N. BRIAN:

United States Policy toward Africa, May, 193.

WRIGHT, ROBIN:

The Islamic Resurgence: A New Phase? Feb., 53.

**THE UNITED STATES
AND CENTRAL AMERICA**
(Continued from page 438)

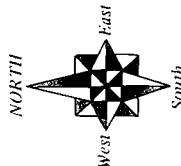
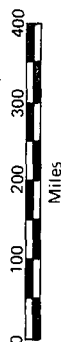
in the conservative Costa Rican press. On May 19, 1988, *La Nación*, the nation's largest paper, complained that "the immaturity, recklessness and moral inconsistency of United States officials is beating down on Central America." But despite such tensions, the United States furnished Costa Rica with \$101.8 million in aid during fiscal 1988 and continued to praise that nation as a democratic model for the rest of the hemisphere.

Relations with Guatemala were the calmest in the region. The United States provided the Cerezo administration with \$115.5 million in badly needed assistance during fiscal 1988 and gave strong verbal support to the maintenance of civilian government there. Privately, however, many Guatemalan officials believed that the failure of United States policies in Panama and Haiti played a major role in encouraging an unsuccessful right-wing coup attempt in May, 1988.

By October, 1988, United States policy in Central America seemed to have been largely cast adrift by the Reagan administration. Secretary Shultz appeared anxious to avoid mentioning Nicaragua and Assistant Secretary Abrams had apparently adopted a similar stance in relation to Panama. United States influence over friends and foes alike was declining, in part because of uncertainty as to the course of United States policies after the 1988 elections.

Despite the investment of several billion dollars, plus a great deal of energy and prestige, there were few positive, concrete results for eight years of high-level United States involvement in Central America. The Sandinistas were consolidating their position; the contras were on the verge of collapse; and the economic and political situation in El Salvador was deteriorating. True, civilian Presidents had been installed in El Salvador, Honduras and Guatemala, but their power was severely constrained by the military, and in Guatemala the danger of a coup seemed to be growing. The effort to oust General Noriega from power in Panama had failed. Thus it seemed clear that Central America would pose major problems for the next United States administration, problems that would offer many more dangers than opportunities.

A horizontal scale bar with alternating black and white segments. Below the bar, the word "Miles" is written vertically. To the left of the bar, the numbers 0, 100, 200, 300, and 400 are marked at regular intervals.



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